Inland Revenue

Tax Return Guide

for the year ended 5 April 2001

How to fill in your Tax Return

This Guide has step by step instructions to help you fill in your Tax Return.

The notes are numbered to match the boxes in your Tax Return.

We hope we can answer most of your questions here. If you need more help, please telephone your Inland Revenue office or the Helpline.

Contact the Orderline on 0845 9000 404 (fax 0845 9000 604) for any supplementary Pages, leaflets or Help Sheets mentioned in this Guide (see page 2).

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WHAT YOU HAVE RECEIVED

Your Tax Return asks for details of your income and capital gains. With it I have sent two guides; this one to help you fill in your Tax Return, and another to help you work out your tax bill (if you want to).

Everybody gets the first 8 pages of the Tax Return. There are other, 'supplementary', Pages for some types of income and gains. For example, there are Pages for employment income, and for self-employment income. From the information I already have about you I have included any Pages I think you need at the back of your Tax Return.

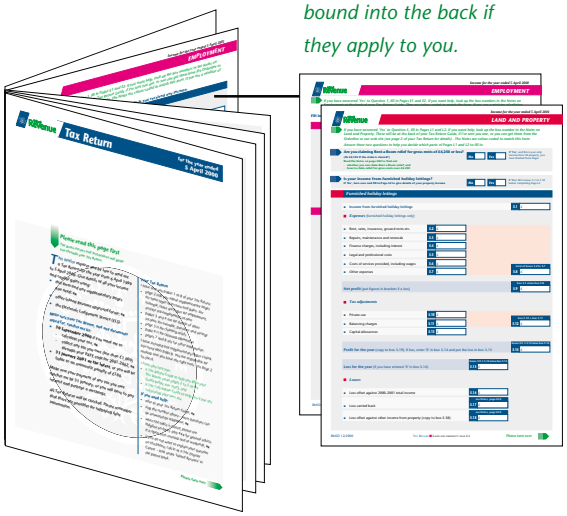
It is your responsibility to make sure that you complete the right supplementary Pages.

Ignore any I have sent you that do not apply.

If you have a tax adviser, you may be able to send your Tax Return electronically using the Electronic Lodgement Service. Ask your tax adviser for details.

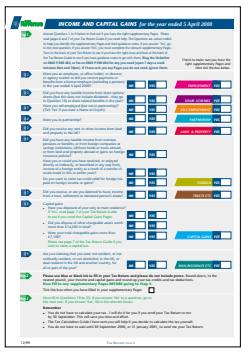
You must send the ones you need to complete back to me on time with the rest of your Tax Return. Otherwise you will be liable to an initial automatic penalty of £100, and further penalties for continued delay.

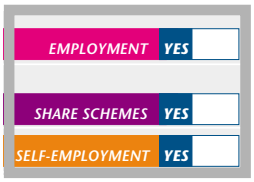
Supplementary Pages for some types of income are bound into the back if they apply to you.



Supplementary Pages are illustrated on pages 6 and 7 of this Guide.

WHAT YOU SHOULD DO FIRST





First, fill in page 2 of your Tax Return. This tells you which supplementary Pages you must fill in. Pages 6 and 7 of this Guide will help.

Orderline is open every day (except Christmas Day, Boxing Day and New Year's Day) on 0845 9000 404. Calls are charged at the local rate. You can also order by fax on 0845 9000 604, or by e-mail (saorderline.ir@gtnet.gov.uk), or in writing to PO Box 37, St Austell, PL25 5YN.

If you live or work abroad, order using the International Access code followed by 44870 1555664 (fax 44870 1555778)

Next, if you need any supplementary Pages or any of the leaflets or Help Sheets mentioned in this Guide, phone the Orderline.

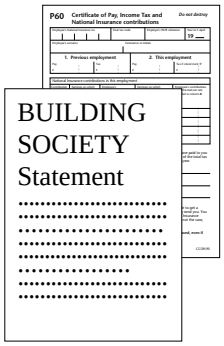
Decide if you want me to work out your tax for you. If so, make sure your completed Tax Return reaches me by 30 September 2001. It will save you time and effort if you leave it to me.

If you miss the deadline of 30 September you need to work out your own tax and make sure your completed Tax Return reaches me by 31 January 2002.

Do not delay doing your Tax Return. You do not have to wait for the deadline shown on the front of the Tax Return. If you tackle it earlier you will have more time to get help if you need it. Sending it earlier does not mean you have to pay tax any sooner.

If you are not sure what to do, please ask for help before you start to fill in your Tax Return.

WHAT NEXT



Gather together information about your financial circumstances for 2000-2001. For example, if you are an employee you will need your P60 or payslips and information provided by your employer if you have any benefits. Also you will need any building society statements, dividend vouchers and other financial records. Do not send these with your Tax Return; keep them safe.

You are now ready to fill in your Tax Return. Pages 4 and 5 of this Guide tell you what to do, and the rest of the Guide will help you fill in the boxes. If you need more help ask your Inland Revenue office or tax adviser.

If, after sending me your Tax Return, you find that you have made a mistake, let me know at once. You should also correct any provisional figures as soon as you can. You will only be penalised if your Tax Return is incorrect through fraud or negligence or if there is unreasonable delay in providing corrected figures once they are known to you. The penalties can be up to 100% of the difference between the correct tax due and the amount that would have been due on the figures you returned. You could also be prosecuted.

When the Inland Revenue office is closed, phone the Helpline on 0845 9000 444 for general advice (a text phone service is available on this number). It is open every day (except Christmas Day, Boxing Day and New Year's Day). Calls are charged at the local rate.

If you want to call from abroad use the International Access code followed by 44870 1555445

You are responsible for the accuracy of your Tax Return.

If we cannot agree with the information you provide, or we differ on a point of law, you have right of access to an independent tribunal, the Appeal Commissioners. Leaflet IR37: Appeals against Tax, National Insurance contributions, Statutory Sick Pay and Statutory Maternity Pay, available from the Orderline, tells you about this process.

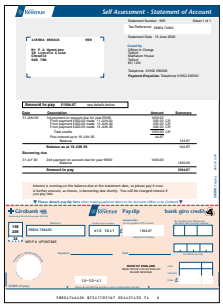
WHAT THE INLAND REVENUE DOES

When I get your completed Tax Return I will process it using your figures, to work out how much you owe, or how much we owe you.
If I see any obvious mistakes - for example in the arithmetic - I may put them right and tell you what I have done. When I process your Return I shall only be looking at the Return and documents I have requested.

I will send you my calculation of your tax if you have asked us to do it for you. If you have worked out your tax, I will let you know if it is wrong.

Later, I will send you a statement of your account with us. This will explain how to pay any tax due - see the notes on page 29 of this Guide.

Once I have processed your Tax Return it may be checked. I have until 30 January 2003 to do this (later if you send your Tax Return late). I may make enquiries about your figures and ask you to send me the records from which you took them. I may also check your figures against any details received from other sources, such as your employer or bank.



In its dealings with you, the Inland Revenue is governed by the service commitment set out on page 30 of this Guide. Page 30 also explains how to complain if you are dissatisfied with the way the Inland Revenue handles your tax affairs.

Read page 29 of this Guide if your Tax Return was delivered to you after 31 July 2001.

KEY DATES AND SUMMARY

2000

You must, by law, have kept all records.

- Failure to do so could give rise to penalties.

April 2001

You receive your Tax Return:

- check to see you have all the right Pages
- find your records
- fill in your Return.

30 September 2001

I must have received your completed Tax Return if you want me to:

- work out your tax in time for the 31 January 2002 payment, **or**
- collect tax through your tax code if you owe less than £2,000.

31 January 2002

This date is important for three reasons. This is the date by which you must:

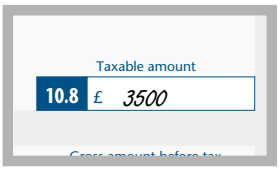
- let me have your completed Tax Return
- pay the balance of any tax you owe (unless it is to be collected through your tax code)
- pay your first payment on account for the 2001-2002 tax year, if appropriate.

You must send me your Tax Return and pay what you owe by this date to avoid automatic penalties and interest.

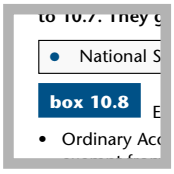
HOW TO FILL IN THE BOXES

Answer all the questions. If you tick 'No', go to the next question. If you tick 'Yes', fill in the Pages and boxes that apply to you.

- Write clearly using blue or black ink and only in the spaces provided.
- Use numbers only, when you are asked for amounts.



- Please do not include pence. Round down your income and gains, to the nearest pound, for example, if your National Savings interest is £3,500.87, enter £3,500 in box 10.8. Round up your tax credits and tax deductions. Round all the boxes, not just totals boxes. So if you are filling in boxes 10.12 to 10.14, round down boxes 10.12 and 10.14, and round up box 10.13. (This may mean that box 10.14 doesn't exactly equal box 10.12 plus box 10.13.)
- Do not delay sending your Tax Return just because you do not have all the information you need - see the notes for box 23.3 on page 26 of this Guide.



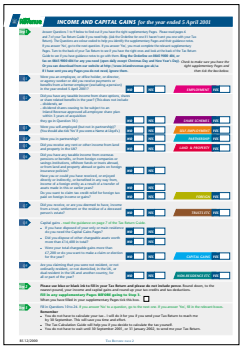
If you need help, look up the question or box number in the Notes. The first part of each number shows which Question it relates to, for example, box 10.8 is the eighth box of Question 10.

You may find that in some parts of the Tax Return you are asked to put a loss in brackets. Remember that when you are asked to **add** a number to a loss, you should deduct one from the other (for example 60 + (40) = 20).

QUESTIONS Q1 TO Q9

Step 1

Answer Questions Q1 to Q9 on page 2 of your Tax Return

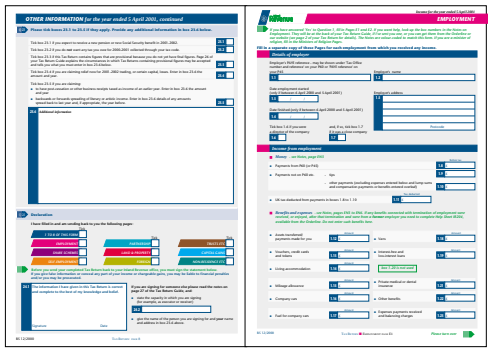


Page 2 of the Tax Return

If you tick the 'Yes' box:

- check you have the right supplementary Pages at the back of your Tax Return
- phone the Orderline for any supplementary Pages you need, or photocopy the ones you have if you need extra copies.

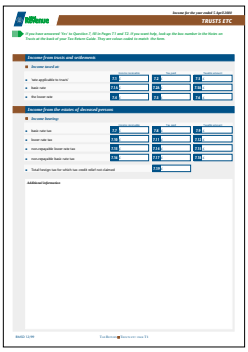
Then tick the second 'Yes' box



Page 8 of the Tax Return and Page E1 of the Employment Pages

SUPPLEMENTARY PAGES

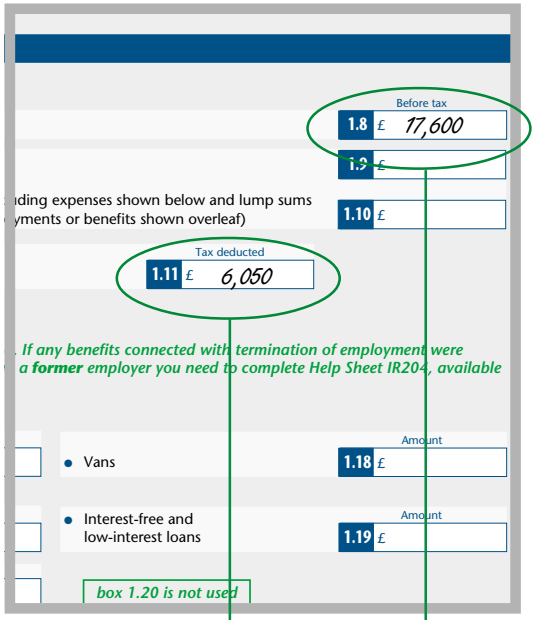
Step 2 **Fill in the supplementary Pages that apply to you.**



If I have sent you any that do not apply, leave them blank.

If you use photocopies, please write your name and tax reference on each copy.

Example of filling in boxes 1.8 to 1.11 on Page E1 of the supplementary Employment Pages



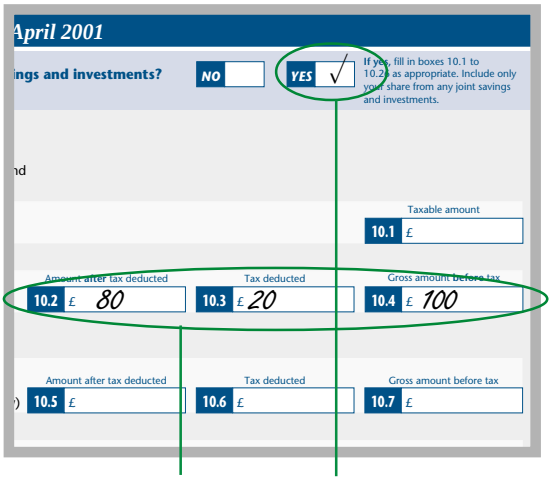
Enter your employment income from your P60 in box 1.8. Enter the tax deducted in box 1.11.

If you want to calculate your tax, you will have to include these figures in the calculation. The Tax Calculation Guide I have sent you will help you work it out.

PAGES 3 TO 8

Step 3 **Fill in pages 3 to 8 of your Tax Return**

Example of filling in page 3 of the Tax Return



Enter in these boxes the total of your building society interest which has had tax deducted. If you want to work out your tax, include the relevant figures in your calculation. The Tax Calculation Guide I have sent you tells you what to do.

If you received income from UK savings and investments tick the 'Yes' box and fill in boxes 10.1 to 10.26, as appropriate.

Fill in Question 18 if you have worked out your tax bill.

1 TO 8 OF THIS FORM
EMPLOYMENT
SHARE SCHEMES
SELF-EMPLOYMENT
Before you send your completed Tax Return t
If you give false information or conceal any pa
and/or you may be prosecuted.
24.1 The information I have given in this Tax Retu
and complete to the best of my knowledge a
John Green
Signature
Da

Finally, sign and date the Declaration and send your completed Tax Return back to me. Do not include your financial records. Keep them safe.

WHAT IS IN THE REST OF YOUR TAX RETURN GUIDE

Pages 6 and 7 will help you fill in page 2 of your Tax Return.

Pages 8 to 27 give you box by box guidance to help you fill in pages 3 to 8 of your Tax Return.

You can use page 28 to add up any figures to be included in your Tax Return.

Pages 29 and 30 include information about paying your tax.

Notes at the back of this Guide will help you complete any supplementary Pages included in your Tax Return.

What makes up your Tax Return

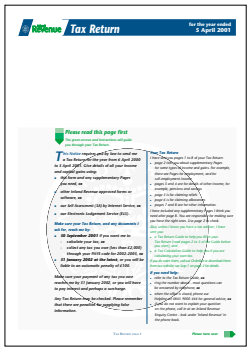
TAX RETURN

Everybody must fill in pages 2 to 8 of the Tax Return.

You may also have to fill in supplementary Pages to give details about some types of income and gains.

I have included the supplementary Pages I think you need after page 8 of your Tax Return. Notes to help you complete them are at the back of this Guide. You must make sure you have the right Pages.

Answer the Questions on page 2 of your Tax Return to find out. These notes will help.



EMPLOYMENT

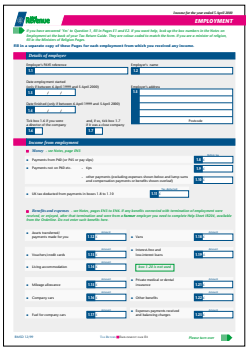
Q1

Fill in the Employment Pages if you were:

- employed (on a full-time, part-time or casual basis), **or**
- an office-holder, **or**
- a director, **or**
- an agency worker, **or**
- using a partnership or company as an intermediary in circumstances where you would otherwise have been treated as an employee of another business, **or**
- receiving payments or benefits from a former employer (excluding a pension).

There are separate Pages for Ministers of Religion.

If, in consequence of your residence or domicile status, you are not liable to UK Income Tax on your employment earnings you may not need to complete the Employment Pages. Please read Note 5 on page NRN8 of the Notes to the Non-residence etc. Pages.



SHARE SCHEMES

Q2

Fill in the Share Schemes Pages if you have:

- been granted a share option, or exercised a share option, in connection with your employment (but not under an Inland Revenue approved share option scheme), **or**
- exercised a share option under an Inland Revenue approved share option scheme, but the conditions for tax relief were not satisfied, **or**
- exercised an Enterprise Management Incentive (EMI) share option, but a charge to tax arises, **or**
- shares which cease to be subject to an Inland Revenue approved all-employee plan, but the conditions for tax relief were not satisfied, **or**
- received something for giving up, or for not exercising, a share option, **or**
- acquired shares in connection with your employment (but not under an Inland Revenue approved profit sharing scheme), **or**
- acquired shares by reason of your employment and subsequently
  - received 'special benefits' by virtue of those shares, **or**
  - restrictions have been removed from those shares, **or**
  - (for shares in certain subsidiaries) have sold them, or have held them for seven years, **or**
  - acquired shares on or after 17 March 1998 by reason of your employment and subsequently
    - any risk of forfeiture of the shares is lifted or expires, **or**
    - those shares have converted to another class of shares.
- received taxable share income and your employer has not operated PAYE on the income or you are not satisfied that PAYE has been operated on the full amount of the taxable share income.

Do not fill in these Pages if you are satisfied your employer has operated PAYE on the full amount of your taxable share income.

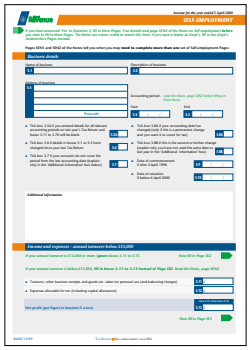
SELF-EMPLOYMENT

Q3

Fill in the Self-employment Pages if you carried on a trade, profession, or vocation as a self-employed person.

If you traded with someone else, in partnership, fill in the Partnership Pages instead. (If this applies to you, tick the 'Yes' box in Question 4.)

There are separate Pages for the special circumstances of Lloyd's Underwriters.



PARTNERSHIP

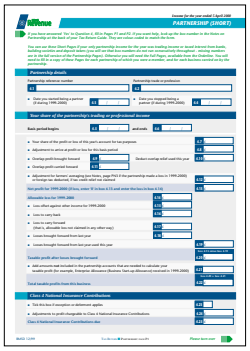
Q4

Fill in the Partnership Pages to give details of your share of income if you carried on a trade, profession, vocation or other business, in partnership.

There is a 'short' and a 'full' version of these Pages.

You can use the 'short' version if your only partnership income was a share of trading or professional income, or interest with tax deducted from banks, building societies or deposit takers. You will have received a 'short' Partnership Statement from the Partnership. Use it to fill in these Pages.

If you have any other partnership income, ask for the 'full' Partnership Pages and fill in those instead.

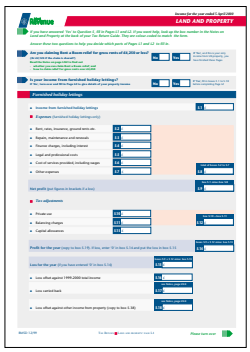


LAND & PROPERTY

Q5

Fill in the Land and Property Pages if you received income from UK land and property including:

- furnished holiday lettings
- furnished accommodation in your only or main home, **unless** you provided services such as meals, and your activities amount to a trade, in which case fill in the Self-employment Pages instead.



FOREIGN

Q6

Fill in the Foreign Pages if you received in 2000-2001:

- any overseas pensions or benefits, **or**
- income from foreign companies, or savings institutions, **or**
- income from offshore funds or trusts abroad, **or**
- income from land and property abroad, **or**
- any royalty income from overseas.

Or if you want to claim relief for foreign tax on this or other foreign income or gains.

Answer 'Yes' to Question 6 if you received a benefit from a United Kingdom trust that either has been, or has received income from, an overseas trust.

Transfers of assets

Fill in boxes 6.3, 6.3A, 6.4, 6.4A or 6.5 if you received, or could have received, income or a benefit from a foreign entity as a result of a transfer of assets which was made in this or previous years and which caused income to become payable to that foreign entity. Before doing so, read the notes on income received by overseas trusts, companies or other entities, or benefit received from them, on Notes pages FN10 and FN11. If you are not domiciled in the UK see also Notes on Non-residence page NRN10 before answering the second part of Question 6. If there was no purpose to avoid tax in effecting the transfer of assets, answer 'Yes' to Question 6 but tick box 6.5A on Page F2.

Income may include a gain on a life insurance policy, life annuity or capital redemption policy.

A foreign entity is any legal person established and recognised under the law of a territory in which it is situated or resident, or any body corporate which was incorporated outside the United Kingdom.

TRUSTS ETC.

Q7

Fill in the Trusts etc. Pages if you:

- were a beneficiary of a trust or settlement, **or**
- were a settlor of a trust or settlement whose income is deemed to be yours, **or**
- had income from the estate of a deceased person.

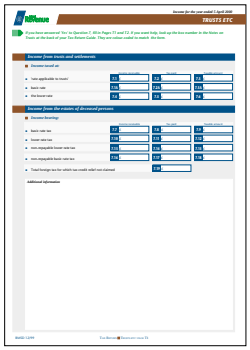
But if you are the beneficiary of a bare trust do not include income from it on the Trusts etc. Pages. Put it in the pages of your Tax Return that deal with the type of income concerned.

If you are unsure whether you should complete these Pages for a trust or settlement, please ask the Orderline for *Help Sheet IR270: Trusts and settlements - income treated as the settlor's.*

For income from the estate of a deceased person you do not need to complete the Trusts, etc. Pages if:

- what you were entitled to was a legacy consisting of a fixed sum of money or a specific asset,
- your legacy was paid with interest. In this case enter the interest in box 10.14 on page 3 of your Return
- your legacy consisted of an income-bearing asset. In this case enter the income in boxes on your Return for the type of income concerned. For instance, if your legacy consisted of a property and you received rents from that property answer Question 5 on page 2 of your Return.

Please read page TN2 of the Notes on Trusts before completing the Trusts etc. Pages.



CAPITAL GAINS

Q8

Fill in the Capital Gains Pages:

- if you disposed of chargeable assets in the year to 5 April 2001 worth more than £14,400 **or**
- your total chargeable gains were more than £7,200 **or**
- you want to claim an allowable capital loss, or make any other Capital Gains claim or election for the year.

In working out **if the assets you disposed of were worth more than £14,400** you should use the value of the assets, rather than the sum you received, if you did not sell them for their full value.

Include all assets disposed of wherever in the world they are situated. If you are not domiciled in the UK and are chargeable on the remittance basis (see Question 9), you should include the proceeds from any overseas asset disposed of in the year or an earlier year to the extent that these have been remitted to the UK during the year.

Exclude any exempt assets such as cars. Any gain from the disposal of your home will be fully exempt if it has been your only residence throughout the period you owned it (ignoring the last three years) and the area of its garden and grounds sold with it did not exceed half a hectare. You may also be entitled to relief in other circumstances. Ask the Orderline for *Help Sheet IR283: Private Residence Relief.*

In working out **if your total chargeable gains were more than £7,200** you should include gains from all but exempt assets. But if you are not domiciled in the UK and have gains chargeable on the remittance basis (see Question 9) include in respect of any such gains accruing in this or an earlier year only amounts remitted to the UK.

If you have to fill in the Capital Gains Pages you must include all your allowable losses for the year. If you do not have to fill them in, because your disposal proceeds and gains were below the limits, you can still complete them **if you want to claim a capital loss**. If you do not do this you have to claim any losses arising in the year by 31 January 2007 for them to be available to set against future gains. **If you want to make any other claim or election** for the year you should also do this by completing the Capital Gains Pages.

NON-RESIDENCE ETC.

Q9

Make sure you fill in the Non-residence etc. Pages first if, in the period 6 April 2000 to 5 April 2001, you consider yourself to be any of the following:

- not resident in the UK
- not ordinarily resident in the UK
- entitled to 'split-year treatment' - if you are resident for one part of the year, and not resident for the other
- not domiciled in the UK, and it is relevant to your Income Tax or Capital Gains Tax liabilities
- resident in the UK while also resident in a country with which the UK has a Double Taxation Agreement - there is a list of agreements in the Notes for the Foreign Pages.

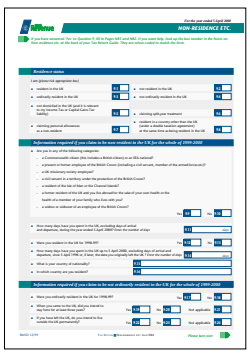
The Notes for Non-residence etc. Pages include relevant contact telephone numbers for certain groups with their own rules, for example, foreign entertainers and sports persons.

If you live or work abroad, you can contact the Helpline on:

International Access code followed by
44870 1555445

and the Orderline on:

International Access code followed by
44870 1555664
(fax 44870 1555778)



Q 10 Did you receive any income from UK savings and investments?

If you tick the 'No' box, go to Question 11.

Otherwise, check the following lists to see whether the income should be entered in boxes 10.1 to 10.26.

Exclude:

- Premium Bond, National Lottery and gambling prizes
- interest, dividends and bonuses from a Tax Exempt Special Savings Account (TESSA) unless your TESSA closed before the five years were up - for details ask the Orderline for our leaflet *IR114: TESSA - tax free interest for taxpayers*
- interest, dividends and bonuses from an Individual Savings Account (ISA) - for details ask the Orderline for leaflet *ISA/1: The answers on isas - your guide*
- dividends and other income from a Personal Equity Plan (PEP), or interest paid on cash held in a PEP unless you withdrew more than £180 interest - for details ask the Orderline for leaflet *IR89: Personal Equity Plans*
- interest and terminal bonuses under Save As You Earn schemes
- the first £70 of interest from a National Savings Ordinary Account
- accumulated interest on National Savings Certificates, including index-linked certificates
- interest on National Savings Children's Bonus Bonds
- interest on Ulster Savings Certificates (if you normally live in Northern Ireland and lived there when you bought the certificates or when they were repaid)
- interest awarded by a UK court as part of an award of damages for personal injury or death. If the interest is awarded by a foreign court, ask your Inland Revenue office about Extra Statutory Concession A30
- dividends on ordinary shares in a Venture Capital Trust where the shares are within the limit of £100,000 acquired per tax year - for details ask the Orderline for leaflet *Venture Capital Trusts (VCTs), A brief guide*
- adoption allowances paid under the provisions of the Adoption Allowance Regulations 1991 or schemes approved by the Secretary of State for Scotland under Section 51 Adoption (Scotland) Act 1988
- **if you are a trustee**, untaxed interest paid direct by the payer, acting through your authority, to beneficiaries who are entitled under trust to income as it arises.

Include:

- interest from UK banks, building societies or deposit takers, including any interest on current accounts
- interest distributions from UK authorised unit trusts or UK open-ended investment companies
- FIRST Option Bonds and Fixed Rate Savings Bonds
- other income from National Savings (other than exclusions listed above)
- other savings and investment income, including purchased life annuities and relevant discounted securities
- dividends from UK companies, UK authorised unit trusts or UK open-ended investment companies
- other distributions
- UK scrip dividends
- any interest, dividends, bonuses and other income from an invalid or voided Tax Exempt Special Savings Account (TESSA), Personal Equity Plan (PEP) or Individual Savings Account (ISA). Your TESSA operator, PEP manager, or ISA manager will give you details of the income to be included in your Tax Return
- if you are the beneficiary of a bare trust (one in which you have an immediate absolute title to (a share of) the capital and income), enter your (share of) income here. You should not include it in the Trusts etc. Pages. You may need to ask the trustees for details of your (share of) income
- accrued income on the transfer of securities.

Annuities under personal pension schemes, or retirement annuity contracts or trust schemes should be included in boxes 11.10 to 11.12. See the notes on page 14.

Gains made on UK life insurance policies, life annuities or capital redemption policies go in boxes 12.1 to 12.5 and include the charge on Personal Portfolio Bonds. Do not include payments from insurance companies' 'guaranteed income bonds' or similar products. These are not usually gains. But do include the gain if one is calculated as a part-surrender, etc. (see *Help Sheets IR320* and *IR321*). See the notes beginning on page 14. Gains on foreign policies go on the Foreign Pages.

If you are a partner in a business, your share of any partnership investment income goes on the Partnership Pages. If you do not have these Pages, ask the Orderline for them.

If you receive annual payments from UK unauthorised unit trusts, these should be entered in boxes 13.1 to 13.3.

If you have:

- received cash as a result of a merger of two or more building societies, **or**
- received cash, or been issued with shares, or received both cash and shares, as a result of either
  - a conversion of a building society to a company, **or**
  - a take-over of a building society by a company,

there may be liability to either Income Tax or Capital Gains Tax. The building society may be able to tell you whether there is any tax liability. If not, you should ask your Inland Revenue office or tax adviser.

If you have received cash, then:

- if the payment is liable to Income Tax (which is likely if you received it following a building society merger), you should enter it in boxes 10.2 to 10.4 in your Tax Return. If you are not sure whether the amount is liable to Income Tax, include it in boxes 13.1 to 13.3, then tick box 23.3 on page 8 of your Tax Return and give full details of the payment in the 'Additional information' box, box 23.6
- if the payment is liable to Capital Gains Tax (which is likely if you received it following a conversion or take-over of a building society), you should add the gain on the payment to your other chargeable gains for the year. If the total gains exceed £7,200, or the total proceeds exceed £14,400, fill in the Capital Gains Pages available from the Orderline.

If you have received shares following a building society take-over or conversion, then you may need to supply details only when you dispose of those shares. Ask your Inland Revenue office for details.

If your income from savings and investments is in the 'Include' list above, **tick the 'Yes' box and fill in boxes 10.1 to 10.26 in your Tax Return, as appropriate.** If not, tick the 'No' box.

Children's savings - if you have made gifts to your son or daughter who is under the age of 18, which produce more than £100 gross income in a tax year, the whole of that income should be included on the Tax Return as your savings income.

Filling in boxes 10.1 to 10.26

First, collect the information you might need; for example:

- dividend vouchers
- interest statements or tax deduction certificates
- trust vouchers. If you are entitled to income of a trust (other than a discretionary trust), the trustee should provide you with a voucher identifying the various sources of income to which you are entitled.

Then use the following notes to help you fill in the boxes. They ask for totals. You can use page 28 of this Guide to list your individual accounts and add them up.

Joint savings and investments

If you have savings or investments held in joint names, you must enter only your share of the income.

If you are married, income from savings or investments held jointly with your husband or wife is usually split equally. If you own the savings or investments, and the income from them, in unequal shares, you can elect to have the income treated for tax purposes on that basis. You cannot have the election backdated.

Ask your Inland Revenue office or tax adviser if you would like further information or an election form.

It is not possible to elect to share any 'gain' on a policy of life insurance, life annuity or on a capital redemption policy. Any gain is allocated to the person who owns the rights (or owned them immediately prior to the chargeable event) under the insurance policy or contract, or created the trusts under which the rights are held. See the notes on page 15.

Interest

What to do if you have more than one source of interest to go in a particular box

Add together, for example, interest paid (with tax deducted) by both your bank and building society and put total figures in boxes 10.2 to 10.4. Keep details of the separate accounts in case I ask for these later. You can use page 28 of this Guide.

Interest from UK banks, building societies and deposit takers

Boxes 10.1 to 10.14 cover interest from savings with banks, building societies and other deposit takers. You can receive interest **without tax deducted** (box 10.1) or **after tax has been deducted** (boxes 10.2 to 10.14).

Interest received without tax deducted

box 10.1 Your bank or building society or deposit taker's statement will show you the interest you have received without tax deducted (gross). Add up all the amounts you received during 2000-2001 for all your accounts and enter the total in box 10.1.

If you are a beneficiary of a trust and you are entitled to income as it arises, include in box 10.1 any gross interest you receive direct because the trustee has authorised the payer to pay it to you.

National Savings interest should not be included in box 10.1. Enter it in box 10.8.

Interest received after tax has been deducted

boxes 10.2 to 10.4 Interest is generally paid to you after lower rate tax is deducted. Your bank, building society or deposit taker's statement or pass book will usually show you the amount of interest after tax, the amount of tax deducted and the amount of interest before tax was deducted. (If you do not have all three figures, the example on page 10 shows you how to work them out.) Add up the amounts for the year for all your accounts. Enter totals in boxes 10.2, 10.3 and 10.4. If you do not have the information, ask your bank etc., in writing, to provide you with a tax deduction certificate.

If you do not pay tax, we will pay you back the tax deducted.

If you pay tax only at lower or basic rate, the tax deducted meets your tax bill on the interest.

I**f you pay tax at the higher rate**, the tax deducted is set against your tax bill.

If you are not liable to pay tax, you can register to have your interest paid without tax deducted. Leaflet *IR110: A guide for people with savings* tells you how to register and if you can claim tax back. Ask the Orderline for a copy.

Interest distributions from UK authorised unit trusts and open-ended investment companies

boxes 10.5 to 10.7 The information you need to complete these boxes will be shown on your tax voucher. The voucher will show the total interest distribution before the deduction of tax (gross interest), the tax deducted and the amount of the interest distribution paid to you after tax has been deducted (net interest).

You may have accumulation units or shares (where the interest distribution is automatically reinvested in the unit trust or open-ended investment company). If so, you must still show the total interest distribution before the deduction of tax, the tax deducted and the amount of the interest distribution after tax has been deducted.

If you do not have a tax voucher, ask your unit trust or open-ended investment company manager for one.

If you have received an interest distribution without tax being deducted, you should enter the total interest distribution in box 10.7 and enter '0' in box 10.6.

Do not enter here any amount shown on your tax voucher as 'equalisation'. This amount, if shown, is a repayment of capital paid to you and is not taxable. In calculating your capital gains, the amount of equalisation should be deducted from the cost of the units or shares purchased during the year.

Do not enter dividend distributions from UK authorised unit trusts or open-ended investment companies in boxes 10.5 to 10.7. They go in boxes 10.18 to 10.20.

National Savings

box 10.8 Enter in box 10.8 total interest received from:

- Ordinary Account (apart from the first £70 of interest which is exempt from tax)
- Investment account
- Deposit bonds
- Income bonds
- Capital bonds (enter the interest added in the year to the capital bonds as shown on your statement)
- Pensioners' Guaranteed Income Bonds (also known as 'Granny Bonds').

National Savings FIRST Option Bonds and Fixed Rate Savings Bonds

boxes 10.9 to 10.11 This interest is received after deduction of tax. Enter in boxes 10.9 to 10.11:

- the total interest received after deduction of tax
- the total tax deducted
- the total interest received before tax was deducted.

How to calculate tax deducted from interest

This example can be used to calculate tax deducted from interest.

For most of the income covered by boxes 10.2 to 10.14 you must enter:

- the amount of interest after tax deducted (net), **and**
- the amount of tax deducted, **and**
- the amount of interest before tax deducted (gross).

Usually your interest statement will show all three figures. But if it does not, you can work them out as follows.

Either like this:

- **statement shows interest of £80 after tax**

  Tax deducted = amount after tax x 25%.

  £80 x 25% = £20

or like this:

- **statement shows interest of £100 before tax**

  Tax deducted = amount before tax x 20%.

  £100 x 20% = £20

Remember, the amount of your gross interest is the same as the amount of your net interest with the tax added back on. The illustration below shows what figures to use if you received, for example, £80 bank interest after tax.

Interest
Interest from UK banks, building societies and deposit takers
- where no tax has been deducted
Taxable amount
10.1 £
This is your gross interest
This is your net interest
- where tax has been deducted
Amount after tax deducted
10.2 £ 80
Tax deducted
10.3 £ 20
Gross amount before tax
10.4 £ 100

- Other income from UK savings and investments (except dividends)

boxes 10.12 to 10.14 Include totals of the following items of income in boxes 10.12 to 10.14. Keep details of income included in the totals in case I ask for further information later. Do not include interest waived on loans to charity.

Interest not included in boxes 10.1 to 10.11

Enter in boxes 10.12 to 10.14 any interest you received not included in boxes 10.1 to 10.11. For example:

- from certificates of tax deposit when the certificate is applied in payment of a tax liability
- on Government stocks (gilts), including those bought through the National Savings Stock Register
- on other loan stocks
- on loans to an individual or organisation
- from credit unions and friendly societies
- interest from Enterprise Zone Trusts (the rents should be included in the Land and Property Pages).

Depending on the nature of the interest, it may be paid without tax deducted (gross), or after tax is deducted (net).

If **no tax has been deducted**, enter the interest received in box 10.12 and box 10.14, and leave box 10.13 blank.

If **tax has been deducted** fill in all the boxes. Make sure the figure in box 10.14 includes the tax deducted.

Relevant discounted securities

'Relevant discounted securities' have replaced those types of securities previously termed 'deep discount bonds' and 'deep gain securities'. Broadly, these are securities where the investor's return is mainly made up of a discount or premium payable on redemption of the bond rather than by interest payable over the life of the bond. The discount or premium is the difference between the price at which the bond was issued and the amount payable on redemption.

The discount or premium must be capable of being more than:

- 15% of the redemption price, **or**, if smaller,
- 0.5% of the redemption price for each year of the bond's life (for example, in the case of a 10 year bond any discount of 5% or more would mean it was a discounted bond).

A security with an uncertain yield, for example, linked to the Retail Prices Index, will normally be a relevant discounted security.

A security **fully** linked to the value of assets which would be chargeable assets under the Capital Gains Tax rules (for example, a security whose yield is fully linked to the FTSE index and gives no guaranteed minimum return on your investment) will not normally be a relevant discounted security.

If you had a relevant discounted security, generally you will be taxable only when you dispose of the security or redeem it. You will be taxable on the difference between the amount you paid for the security and the amount you received when you redeemed or sold it. Tax is not deducted from the payment, so the gross amount of the discount should be entered in box 10.14.

Gilt strips

Gilt strips are relevant discounted securities. In contrast to the usual rules there will be a charge on the discount each year even if you do not dispose of the securities during the year. The discount is worked out by comparing the market value of the gilt strips on 5 April with their market value a year earlier or with the price you paid for them if you bought them during the tax year. (This is achieved by deeming you to dispose of your gilt strips on 5 April and to reacquire them on 6 April, both the deemed disposal and deemed acquisition taking place at the market value of the gilt strips on 5 April.) The amount of the discount should be entered in box 10.14. Details of 5 April market values are available from your Inland Revenue office.

Losses

Should the actual disposal of any relevant discounted security result in a loss, that loss may be set against taxable income in the same year. Any losses should be entered in box 15.8 on page 5 of your Tax Return. These losses must be used in the year in which they occur. They cannot be carried forward or back.

Transfer of income from securities

If you sell or transfer the right to receive dividends or interest but do not dispose of the underlying securities, the income from those securities is treated as your taxable income. Enter in box 10.14 the amount of income paid out (even if you have not received it).

Purchased life annuities

Enter in boxes 10.12 to 10.14 annuities received by you except annuities under personal pension schemes, or retirement annuity contracts or trust schemes. These should be entered in boxes 11.10 to 11.12.

If you purchased the annuity, part of each payment may be exempt as a return of your capital and only the balance, the income element, should be entered on the Tax Return. The certificate provided by the payer of the annuity will show whether any part of the annuity is exempt from tax, the amount to be entered as income and the amount of any tax deducted. If you are not sure what to include, ask your Inland Revenue office or tax adviser.

Accrued income

Accrued income securities include all interest-bearing securities, including permanent interest-bearing shares in a building society (PIBS), government loan stock and company loan stock, but not shares in a company or National Savings certificates.

Calculate charges or reliefs for securities you have bought, sold or transferred if the next interest payment after your purchase or sale fell between 6 April 2000 and 5 April 2001.

No charge arises and no relief is due for 2000-2001 if the nominal value of all accrued income securities held at any time in 2000-2001 or 1999-2000 did not exceed £5,000.

A charge will arise if you purchased securities without accrued interest (ex-dividend) or sold securities with the accrued interest (cum-dividend). The amount of the charge will be the adjustment for the accrued interest not received, that is, the amount by which the purchase price was reduced (purchase ex-dividend) or the sale price was increased (sale cum-dividend).

A relief will be due if you purchased securities with accrued interest (cum-dividend) or sold securities retaining the right to the next interest payment (ex-dividend). The amount of the relief will be the adjustment for the amount of extra interest received, that is, the amount by which the purchase price was increased (purchase cum-dividend) or the sale price was decreased (sale ex-dividend).

For **each kind** of security, combine the charges and reliefs to produce a net figure. Where the charges exceed the reliefs, include the total net amount in box 10.14. Where the reliefs exceed the charges for a kind of security, deduct the excess from the 'gross' interest received from that kind of security and enter the reduced amount of interest in box 10.14. Do not change the figure in box 10.13.

■ Dividends

Dividends, dividend distributions and qualifying distributions carry a tax credit:

- **If you pay tax only at the starting or basic rate,** the tax credit meets your tax bill on the distribution.
- **If you pay tax at the higher rate,** the tax credit is regarded as tax already paid by you, and is set against your tax bill. The dividend plus the tax credit will be charged at the upper dividend rate (32.5%) with a 10% tax credit.

You have to enter scrip dividends separately because the notional tax attached to them cannot be repaid to you, even if you do not pay tax:

- **If you pay tax only at the starting or basic rate,** there is no more tax to pay on the dividend.
- **If you pay tax at the higher rate,** an amount of starting rate tax is treated as already paid by you, and is set against your tax bill.

If you are a beneficiary of a trust and you are entitled to income as it arises, include in these boxes any scrip dividends from UK companies, authorised unit trusts or open-ended investment companies.

- Dividends and other qualifying distributions from UK companies

boxes 10.15 to 10.17

Dividends

Your dividend voucher shows the amount of the dividend and the tax credit. Add these together to get 'dividend/distribution plus credit'.

Include here all the dividends from shares you have acquired through employee share schemes - including Inland Revenue approved plans. There is one exception to this. Do not include the amount of any dividend that is used to buy more shares through the approved employee share plan. **But** if you take the shares you have bought with the dividends out of the plan within 3 years of purchasing them, and they are taken from the plan for any reason other than the exempt leaver provisions (listed on page SN2 of the Notes on Share Schemes) you do have to include them. Enter the amounts of the dividends originally reinvested for the year when the dividend shares were taken from the plan. Leaflet *IR2002: The All-employee share ownership plan. A guide for employees* has more detail.

Do not include dividend distributions from UK authorised unit trusts and UK open-ended investment companies. These go in boxes 10.18 to 10.20.

Do not include scrip dividends here. These go in boxes 10.21 to 10.23.

Other qualifying distributions

A company makes a distribution when it passes value to a shareholder, for example:

- by selling an asset to a shareholder at less than market value, **or**
- by paying interest at more than a commercial rate on a loan.

Non-qualifying distributions are defined on page 12 and should be entered in boxes 10.24 to 10.26. Other distributions are 'qualifying'. (Read the note for box 15.12 on page 23 if you pay higher rate tax and wish to claim a tax relief on the redemption of bonus shares or securities.)

Enter the amount in boxes 10.15 to 10.17. Please give details in the 'Additional information' box, box 23.6 on page 8 of your Tax Return, explaining the circumstances in which the distribution arose.

- Dividend distributions from UK authorised unit trusts and open-ended investment companies

boxes 10.18 to 10.20

Your dividend voucher shows the amount of the dividend and the tax credit. Add these together to get 'dividend/distribution plus credit'.

If you have accumulation units or shares in a UK authorised unit trust or UK open-ended investment company, the dividend is automatically reinvested in the unit trust or open-ended investment company. You must still show the amount of the dividend, tax credit and dividend/distribution plus credit.

If you do not have a dividend voucher, ask your unit trust or open-ended investment company manager for one.

Do not enter here any amount shown on your dividend voucher as 'equalisation'. This amount, if shown, is a repayment of capital paid to you and is not taxable. In calculating your capital gains, the amount of equalisation should be deducted from the cost of the units or shares purchased during the year.

- Scrip dividends from UK companies

boxes 10.21 to 10.23 **If you took up an offer of shares in place of a cash dividend**, this is a 'scrip' or 'stock' dividend.

Your dividend statement should have 'the appropriate amount in cash' on it - this is the amount you should enter in the dividend box. Ask your company for a statement if you have not already got one. If you have any doubts about what to include, ask your Inland Revenue office or tax adviser.

Enter in box 10.21 the appropriate amount in cash. Enter in box 10.22 the notional tax (this is $^1/_9$ of the appropriate amount in cash). Add together the figures in boxes 10.21 and 10.22 and enter the total in box 10.23.

- Non-qualifying distributions and loans written off

boxes 10.24 to 10.26 A **non-qualifying** distribution is:

- a bonus issue by a company of securities or **redeemable** shares (except a bonus issue giving rise to a qualifying distribution), **or**
- the paying-on of such a bonus issue by a company which has itself received it.

If you receive such a bonus issue of securities or redeemable shares, the amount of the distribution is:

- for redeemable shares, their nominal value plus any premium paid
- for securities, the amount of the principal secured plus any premium payable

minus any new consideration given for that issue.

If you pay tax **only at the starting or basic rate**, there is no more tax to pay on the distribution.

If you pay tax **at the higher rate**, an amount of starting rate tax is treated as already paid by you and is set against your tax bill.

Enter the amount of the distribution in box 10.26. Multiply box 10.26 by 10% to arrive at the starting rate tax which is treated as paid by you. Enter that amount in box 10.25. Leave box 10.24 blank.

The subsequent redemption of the bonus securities or shares is a qualifying distribution and is paid with a tax credit. The income should be entered in boxes 10.15 to 10.17. If you pay tax at the higher rate, read the box 15.12 note on page 23 of this Guide about a relief you can claim when this happens.

Where a loan or an advance, made by a close company to a participator or associate, is wholly or partly released or written off, the amount released or written off is treated as income received after deduction of tax at the ordinary dividend rate (10%). If you pay tax at the starting or basic rate, there is no more tax to pay on the loan released or written off. If you pay tax at the higher rate, you will have to pay further tax on the loan released or written off.

Enter in box 10.24 the amount of the loan released or written off. Multiply this figure by $^1/_9$ and enter the result in box 10.25. Add together the figures in boxes 10.24 and 10.25 and put the result in box 10.26.

Where a loan made to a participator, or an associate of a participator, who is also an employee (or a relative of an employee) is subsequently written off (wholly or in part) - do not include it in the Employment Pages, enter it in boxes 10.24 to 10.26.

If you do not know what to include, ask your Inland Revenue office or tax adviser.

Q 11 Did you receive a UK pension, retirement annuity or Social Security benefit?

If you tick the 'No' box, go to Question 12.

Otherwise, check the following lists to see whether your pension, or retirement annuity, or benefit should be entered in your Tax Return.

Exclude:

- additions to your State pension or Social Security benefits that you get because you have a dependent child. These **are not taxable**. But additions for adult dependants **are taxable** and should be included
- Jobfinder's grant
- New Deal training allowance - if, instead of a training allowance, you received a wage from a New Deal employment, it should be included in box 1.8 of the Employment Pages for that employment
- Employment Zone payments
- Maternity Allowance, which is **not taxable**. (Statutory Maternity Pay is taxable. Include Statutory Maternity Pay paid by the Department of Social Security in box 11.7 and Statutory Maternity Pay paid by your employer in boxes 1.8 to 1.10 on the Employment Pages)
- War Widow's pension and some pensions paid to other dependants of deceased Forces and Merchant Navy personnel are not taxable. Sometimes these are not paid, or are reduced, because you get another State pension or benefit such as a pension from overseas. Where this happens, it reduces the taxable amount of the other pension or benefit you receive. Ask the Orderline for *Help Sheet IR310: War Widow's and Dependant's pensions*, which tells you how to work out the taxable amount
- pensions for wounds or disability in military service or for other war injuries
- pensions or benefits you get under the rules of another country (even if they are paid to you by the Employment Service or the Department of Social Security on behalf of that other country). These overseas pensions go on the Foreign Pages, available from the Orderline
- refunds of surplus funds from additional voluntary contributions. These go in boxes 12.10 to 12.12
- purchased life annuities. These go in boxes 10.12 to 10.14.

Include:

- State Retirement Pension
- Widow's Pension
- Widowed Mother's Allowance
- Industrial Death Benefit Pension (but not Child Allowance)
- Jobseeker's Allowance
- Invalid Care Allowance
- Statutory Sick Pay and Statutory Maternity Pay paid by the Department of Social Security
- Taxable Incapacity Benefit
- other pensions or retirement annuities paid by someone in the UK. These include pensions or annuities
  - from a former employer
  - from your late husband's or wife's employer
  - from personal pension plans
  - from Free-Standing Additional Voluntary Contributions schemes
  - for injuries at work or for work-related illnesses
  - from service in the armed forces
  - from retirement annuity contracts or trust schemes (but not purchased life annuities)
  - income withdrawals from personal pension plans where the purchase of an annuity has been deferred.

If your pension or benefit is one that should be included, **tick the 'Yes' box and fill in boxes 11.1 to 11.12, as appropriate**. Otherwise, tick the 'No' box.

Filling in boxes 11.1 to 11.13

First, collect the information you need, for example:

- details of your State pension for the year
- your P60, which the payer of your pension may have given you after the end of the tax year, and any other certificate of pension paid and tax deducted
- the details given to you by the Department of Social Security of your Jobseeker's Allowance and the taxable portion of that amount
- if you get Incapacity Benefit, details of your taxable Incapacity Benefit and the tax deducted
- details of any other taxable State benefits.

Then, use the following notes to help you fill in the boxes.

■ *State pensions and benefits*

Enter the amount of pension or benefit you were entitled to for the year from 6 April 2000 to 5 April 2001, whether or not you actually received that amount in the year. Even if you chose to receive your pension or benefit monthly or quarterly, you should enter the total for the year of your weekly entitlements, rather than the total of the monthly or quarterly payments you received.

- State Retirement Pension

box 11.1 **Enter the full amount you were entitled to** in 2000-2001 except for any increase for a dependent child. **Include:**

- the basic (or old age) pension, State earnings related pensions (SERPS)
- graduated pension (graduated retirement benefit)
- the age addition if you are over 80
- any incapacity addition or addition for a dependent adult
- any increases paid by the Department of Social Security to uprate a guaranteed minimum pension.

If you receive extra pension either because you deferred retirement beyond normal retirement age, or because you temporarily gave up your pension, the extra pension is taxable.

If you are a married woman, you should enter the pension payable to you, even if it was paid to you as a result of your husband's contributions.

The Christmas bonus is not taxable and nor is the Winter Fuel payment. You should exclude both from the amount you put on your Tax Return.

When you work out the correct amount to include, remember to take account of any changes in the amount of pension you received because of a change in your circumstances, for example, the amount of pension you received might have been reduced because you had a stay in hospital.

You can ask your local Benefit Office for a form which tells you how much pension you received and the weeks for which it was paid. Ask the Benefit Office for form BR 735 and tell them you want it to cover the tax year from 6 April 2000 to 5 April 2001.

- Widow's Pension

box 11.2 **Enter the full amount you were entitled to** in 2000-2001 including any earnings related additional pension. You can ask your local Benefit Office for a form which tells you how much pension you received and the weeks for which it was paid. Ask your Benefit Office for form BR 735 and tell them you want it to cover the tax year from 6 April 2000 to 5 April 2001.

- Widowed Mother's Allowance

box 11.3 **Include the flat rate basic allowance and any earnings related increase**. Exclude any child dependency increase.

- Industrial Death Benefit Pension

box 11.4 **Enter the annual pension you are entitled to under the Industrial Death Benefit scheme**. But do not include Industrial Death Benefit Child Allowance which is not taxable.

- Jobseeker's Allowance

box 11.5 If you were claiming Jobseeker's Allowance on 5 April 2001 the Department of Social Security will give you a form P60U by 31 May 2001 which will tell you the Jobseeker's Allowance paid to you and the taxable portion of that amount. **Enter the taxable amount in box 11.5**. If you do not receive a form P60U by 31 May 2001 contact your Benefit Office.

If you stopped claiming Jobseeker's Allowance before 6 April 2001 you will have received a form P45U (Part 1A) which will tell you the Jobseeker's Allowance paid to you and the taxable portion of that amount. **Enter the taxable amount in box 11.5**.

If you did not receive a form P45U (Part 1A) contact your Inland Revenue office.

If you have received Jobseeker's Allowance for more than one period of claim in 2000-2001 you must add together the taxable amounts from **each** P45U (Part 1A). If you were claiming on 5 April 2001 and had previous claims in 2000-2001 you must add the taxable amounts from the P45U (Part 1A) to the taxable amount shown on the P60U.

- Invalid Care Allowance

box 11.6 Enter the amount you are entitled to for the tax year, including any addition for a dependent adult. Exclude any addition for a dependent child, because this is not taxable.

- Statutory Sick Pay and Statutory Maternity Pay

box 11.7 Usually these will have been paid to you by your employer and included in the figures on your P60 or P45. If so, put these figures in the Employment Pages, not box 11.7.

However, if your employer has not paid these benefits, the Department of Social Security may have paid them to you. If so, **enter in box 11.7 the total you received in the tax year**.

Maternity Allowance is a different benefit from Statutory Maternity Pay. It is not taxable and you do not need to include it in your Tax Return.

- Taxable Incapacity Benefit

boxes 11.8 and 11.9 Incapacity Benefit is not always taxable. It is not taxable when:

- it is benefit paid in the first 28 weeks of incapacity, **or**
- it is benefit payable for a period of incapacity which began before 13 April 1995, and for which Invalidity Benefit used to be payable.

The Department of Social Security will give you a form showing whether your Incapacity Benefit is taxable or not. If you were claiming Incapacity Benefit on 5 April 2001 and your benefit is taxable the Department of Social Security will give you a form P60 (IB) by 31 May 2001 which will tell you the amount of taxable Incapacity Benefit paid to you. **Enter the taxable amount in box 11.9 and any tax that has been deducted in box 11.8**.

continued over

If you stopped claiming Incapacity Benefit before 6 April 2001 and your benefit was taxable, you will have received either a form P45 (IB) (Part 1A) or a form P45 (IB) O (Part 1A) which will tell you the amount of taxable Incapacity Benefit paid to you. **Enter the taxable amount in box 11.9 and any tax that has been deducted in box 11.8**.

■ *Other pensions and retirement annuities*

- Pensions (other than State pensions) and retirement annuities

boxes 11.10 to 11.12 Enter in these boxes the total of all pension(s) and retirement annuities you received (other than State pensions) where the payer is in the UK and is not paying the pension on behalf of someone outside the UK.

Include here annuity payments from personal pension schemes or, where the annuity has been deferred, any income withdrawals received during the period of deferral, and any annuity payments from a Free-Standing Additional Voluntary Contributions scheme or a retirement contract or trust scheme.

Keep separate records of each pension - I may ask to see them.

Put the total amount of UK tax deducted from the pension(s) received in the year from 6 April 2000 to 5 April 2001 in box 11.11.

You should find the information on the P60, which the payer should have given you by 31 May 2001, or any other certificates of pension paid and tax deducted.

If you started to receive an occupational pension during the year ended 5 April 2001 please enter in box 11.11 the tax deducted or refunded (put any refund in brackets) by the pension payer; use the figure from the 'in this employment' section of your P60.

If you received non cash benefits in addition to cash from a retirement benefits scheme contact your Inland Revenue office or tax adviser for advice on what to include in box 11.12.

Exemption

If you are a former employee who has been awarded a pension on retirement because you were disabled by injury on duty or by a work-related illness, and if that pension is more than you would have been given if you had retired at the same time on ordinary ill-health grounds, then the extra is exempt from Income Tax and should not be included in boxes 11.10 to 11.12.

Pensions relief under a Double Taxation Agreement (DTA)

If you are claiming that a pension is wholly or partially relieved under a Double Taxation Agreement, read pages NRN6 and NRN7 of the Notes on Non-residence etc. and, as appropriate, complete *Help Sheet IR302* or *IR304*, available from the Orderline. No entry should be made in box 11.13 if you make such a claim.

- Deduction

box 11.13 The taxable amount of your pension may be reduced if it qualifies for 'deduction'.

There is a 10% deduction from some UK pensions for service to an overseas government so that only 90% of the pension is liable to UK Income Tax. To qualify for this deduction, these UK pensions have to be paid by or through any public department, officer or agent of the government of the overseas territory and be paid to:

- a person who has been employed in the service of the Crown **or** in service under the government of the territory concerned, or
- his widow, child, relative or dependants.

The territories concerned are:

- any country forming part of Her Majesty's dominions
- any other Commonwealth country (other than the UK)
- any territory under Her Majesty's protection.

If this deduction applies to your pension, enter in box 11.13 10% of the amount in box 11.12.

Q 12 Did you receive any gains on UK life insurance policies, life annuities or capital redemption policies or refunds of surplus funds from additional voluntary contributions?

If you tick the 'No' box, go to Question 13.

Otherwise, tick the 'Yes' box and fill in boxes 12.1 to 12.12, as appropriate.

- Gains on UK life insurance policies, life annuities and capital redemption policies

boxes 12.1 to 12.5 Boxes 12.1 to 12.5 are for gains on UK life insurance policies, life annuities and capital redemption policies.

If any of the events listed below have occurred, you may have made a taxable gain you need to report in boxes 12.1 to 12.5. The events that may give rise to a taxable gain include:

- death, giving rise to the payment of benefits, **or**
- a part surrender that results in a receipt of benefits, **or**
- payment of a cash bonus, **or**
- a sale or gift of part of a policy or life annuity, **or**
- a policy or life annuity coming to an end, **or**
- an insurance company making a loan to you or, at your direction, to someone else, **or**
- the sale or assignment of a policy or life annuity.

Exceptionally, insurance policies which are Personal Portfolio Bonds (see the paragraph on Personal Portfolio Bonds on page 15) are treated as giving rise to annual gains other than in the final policy year. The gain is an annual charge on policyholders of 15% of premiums paid, with the premiums paid being treated as increased annually on a compound basis.

These are examples of what are called chargeable events. The gains they may give rise to are sometimes called 'chargeable event gains'. The rules for working out the amount of the gain vary according to the type of event but in general it will not be the same as the amount you have received.

Help Sheet IR320: Gains on UK life insurance policies, available from the Orderline, contains more information including details about how to work out the amount of any gain.

Not all life insurance policies give rise to gains. Most 'qualifying' life insurance policies do not do so. Pension annuities do not give rise to gains.

Insurance companies sell a variety of products labelled 'guaranteed income bonds', 'income bonds' and so on, a feature of which is that they provide regular payments annually, monthly etc. These may comprise one or more life insurance policies and gains on them should be included in this section. There may be no gains in some years in which regular payments are received as they are below the threshold.

If your insurance company or friendly society knows that something has happened to give rise to a chargeable event gain (this will usually be the case unless, perhaps, the company has not been told that a policy or annuity has been sold), it will generally have notified us by sending a 'chargeable event certificate'. The insurer may have sent you a copy. If so, it will contain the information you need to work out the gain. If not, ask your insurer to tell you what sort of policy or annuity you have and whether there has been a gain and its amount.

A policy etc. is a UK policy if it has been issued by a UK insurer or (provided certain conditions are met - the company can tell you if they are) by a UK branch of an overseas insurance company. There is however one exception to this. A policy etc. issued by a UK insurer which it accounts for as part of its 'Overseas Life Assurance Business' should be treated as a foreign policy, not as a UK one.

Overseas Life Assurance Business includes most business effected at a foreign branch of a UK insurer and business sold out of the UK on what is known as a 'services basis' to individuals residing outside the UK when the policy is effected.

Personal Portfolio Bonds

An additional annual charge arises in respect of this type of bond. In general terms, a Personal Portfolio Bond (PPB) is a life insurance policy where the benefits payable are determined by the value of property chosen directly or indirectly by the policyholder. The charge will arise if the policy is a PPB at the end of the policy year (see below). There will be no charge if the property that can be chosen to determine the value of the benefits is limited to certain kinds of property, such as unit or investment trusts, or an index. There are special rules which extend the range of investments that may determine the value of benefits for a bond taken out before 17 March 1998. If these rules are met and the policy has not been enhanced after 17 March 1998, the bond will not be subject to the annual charge. A policy made before 26 June 1982 if a PPB is also subject to the charge even where it has been assigned for money or money's worth so that it is no longer held by the original owner. Ask your adviser, insurance company or Inland Revenue office for more details or ask the Orderline for leaflet *Personal Portfolio Bonds - Guidance Notes for Insurers and Practitioners* (also on our website www.inlandrevenue.gov.uk). There are special rules for non-resident holders of a PPB who become resident. See the *Guidance Notes*, Extra Statutory Concession B53 and *Help Sheet IR321*.

Enter all gains you make on foreign policies in boxes 6.6 to 6.8 on the Foreign Pages, available from the Orderline. *Help Sheet IR321: Gains on Foreign Life Insurance Policies* contains more information and is also available from the Orderline.

Gains on certain life annuities and on friendly societies' tax exempt life insurance policies are not treated as if tax at the basic rate has been paid on them. Enter the amount of these gains in box 12.2.

Gains on all other UK life insurance policies and capital redemption policies are treated as if tax at the basic rate has been paid on them. Enter the amount of these gains in box 12.5, and enter the amount of tax treated as having been paid in box 12.4. This tax is never repayable.

The way you fill in these boxes depends on the number and type of gains in the year and whether or not basic rate tax is treated as having been paid on them.

The number of years to be entered in boxes 12.1, 12.3 or in the 'Additional information' box, box 23.6 is the number of complete years between when the policy or life annuity was made and the chargeable event, except where the gain is as a result of a second or subsequent chargeable event as a result of a partial withdrawal, payment of a cash bonus, sale or gift of part of a policy or life annuity or loan. There is a special rule that for each policy or life annuity these transactions give rise to only one chargeable event a year. *Help Sheet IR320: Gains on UK life insurance policies* explains when. Enter the number of years since the last preceding chargeable event as result of a partial withdrawal, payment of a cash bonus, sale or gift of part of a policy or life annuity, or loan. Note, if partial withdrawals etc. are made every year enter '1'. If the period from when the policy or life annuity was made to when it ended is less than a complete year also enter '1'.

If you made one gain which is not treated as having been taxed, enter the amount of the gain in box 12.2, and the number of complete years in box 12.1.

If you made one gain which is treated as having been taxed, enter the amount of the gain in box 12.5 and the tax treated as paid in box 12.4. This is 22% of the amount in box 12.5. Also put the number of complete years in box 12.3.

Some insurance packages consist of a cluster of identical policies of life insurance. **If you have gains from more than one policy, and they are all identical gains from identical policies within a cluster**, include, as appropriate, total gains in box 12.2 or 12.5, any tax treated as paid in box 12.4 (22% of the amount in box 12.5), and the number of complete years in box 12.1 or 12.3.

Otherwise enter details in the 'Additional information' box, box 23.6 on page 8 of your Tax Return. Describe each policy, life annuity or cluster of identical policies and state the amount of the gains, the number of complete years and the amount of any tax treated as paid. **Then** transfer totals to boxes 12.2, 12.4 and 12.5 but make no entry in boxes 12.1 or 12.3.

If the rights under a policy or life annuity are held on trusts which you created, any gain made on the policy or life annuity is usually treated as your income. If you are a beneficiary of a bare trust any gain is usually treated as your income and should be included in boxes 12.1 to 12.5 as with any other gain from a UK policy or annuity. If you need more help ask the Orderline for *Help Sheet IR320: Gains on UK life insurance policies.*

- Gains on life insurance policies in ISAs that have been made void

boxes 12.6 to 12.8 The notes that follow are about gains on policies of life insurance held within the insurance component of an ISA that has been made void.

Normally there is no tax to pay on gains made on policies of life insurance held within the insurance component of an ISA. However, the ISA may be made void where an application to subscribe to it is found to be incorrect. In these circumstances the policy within the ISA may come to an end and may give rise to a taxable gain.

Where an ISA within which there is a policy of life insurance is made void, your ISA manager should already have notified you of this in writing. Your ISA manager should also have given you the following information about the policy:

- the amount of each gain, if any, on a policy of life insurance
- the date on which the policy was made or, for each gain, the number of years the policy had run
- the amount of any corresponding deficiency relief
- the amount of tax which the manager has paid on each gain.

If you made one gain of this type in 2000-2001, enter the amount of the gain in box 12.8, the number of complete years the policy has run in box 12.6 and the tax the manager has paid on the gain in box 12.7. This tax may be repayable.

If you made more than one gain of this type in 2000-2001, enter details in the 'Additional information' box, box 23.6 on page 8 of your Tax Return. Make an entry there for each policy stating the amount of the gains, the number of complete years and the amount of any tax paid by the ISA manager. Then transfer totals to boxes 12.7 and 12.8 but make no entry in box 12.6.

Deficiencies arising from policies of life insurance, life annuities and capital redemption policies

box 12.9 A relief may be due very occasionally when a policy of life insurance, a life annuity or capital redemption policy comes to an end. If there have been previous gains during the term of the policy, relief may be due **but not otherwise**. This is not a relief for a 'loss' but a relief to ensure that the total amount treated as investment income is never more than the total gain made under the policy or contract. It is known as 'corresponding deficiency relief'.

If you think this relief applies to you, ask the Orderline for *Help Sheet IR320: Gains on UK life insurance policies.*

- Refunds of surplus funds from additional voluntary contributions

boxes 12.10 to 12.12 Your certificate from your pension scheme provider will show the amount of surplus funds from additional voluntary contributions plus tax refunded to you on leaving pensionable employment or on retirement. Enter the total amount in box 12.12, the amount actually repaid to you in box 12.10 and the tax deducted in box 12.11.

Do not include amounts of any contributions refunded to you because of completion of less than two years qualifying service in your employer's pension scheme.

Q 13 Did you receive any other taxable income which you have not already entered elsewhere in your Tax Return?

If you tick the 'No' box, go to Question 14.

There are many types of transaction which produce taxable income. Examples include:

- all casual earnings not declared elsewhere on the Tax Return, including 'one off' freelance income and underwriting or sub-underwriting commissions
- receipts under covenants entered into for genuine commercial reasons which are in connection with the payer's trade, profession or vocation
- profits from isolated literary or artistic activities
- rental from leasing equipment you own
- income received after your interest in a business has ceased, or received following a change in the basis on which the profits of that business are calculated. This applies only if the income would not otherwise have been taken into account for tax purposes during the life of the business - for examples see 'Post-cessation and similar business receipts' on page 17
- any recoveries of expenses or debts for which you claimed relief as a post-cessation expense
- sale of patent rights if you received a capital sum
- annual payments received in the year, including annual payments received from UK unauthorised unit trusts and annual payments paid by former employers which do not constitute the payment of a pension.

If you did receive income that is taxable and you have not included it elsewhere in your Tax Return, tick the 'Yes' box and fill in boxes 13.1 to 13.6 using the notes below. If you are in doubt about what to include, ask your Inland Revenue office or tax adviser.

How to fill in boxes 13.1 to 13.6

The income or losses from transactions relating to an activity which amounts to a trade should be included in the Self-employment Pages, Partnership Pages, or Land and Property Pages (furnished holiday lettings), as appropriate. If this income does not arise in the course of a trade, profession or vocation, it should be entered in boxes 13.1 to 13.6. If you are in any doubt about this, ask your Inland Revenue office or tax adviser.

- Other taxable income

Keep a record of the separate items of income, and any relevant expenses relating to each item (see the notes on page 17), in case you are asked for details later.

If you only had one type of 'other taxable income' during the year, follow the instructions aside.

If you had more than one type of other taxable income, *Help Sheet IR325: Other taxable income* has a Working Sheet you can use to work out the total figures to put in the boxes.

You can only set losses of the year against certain types of other taxable income - see the note on losses on page 17 and *Help Sheet IR325: Other taxable income* if you need it.

box 13.1 Enter the amount of income after any tax deducted, and after any allowable expenses or capital allowances for the tax year. If overall you made a loss for the year, enter '0'. There are notes that follow about expenses, losses and some types of income.

box 13.2 Enter the amount of any tax deducted from the payments you received.

box 13.3 Enter the amount of income before any tax was deducted, but after any allowable expenses or capital allowances for the year (box 13.1 plus box 13.2). If the result is a loss, it can be set against income in a future year - see the notes on 'Losses' on page 17 - and should be entered in box 13.6. If you have more than one source of 'other' income you should deduct any loss made in the year that can be set off against other types of income (see *Help Sheet IR325*) and enter the net amount in box 13.3.

Cashbacks

You may have to pay tax if you have, as an incentive to take out a mortgage or to purchase an asset (such as a car):

- received cash, **or**
- received an asset (such as a car or a holiday), **or**
- had any personal liabilities waived or paid on your behalf.

You may be taxable on the amount or value of what you have received, or had waived or paid on your behalf.

The person from whom you received the incentive may be able to tell you whether there is any tax liability. If not, you should ask your Inland Revenue office or tax adviser.

If the amount is liable to Income Tax (which is likely only where the cashback consists of payments receivable in more than one year), enter it in box 13.3. (If you are not sure whether the amount is liable to Income Tax, enter it in box 13.3 and tick box 23.3 on page 8 of your Tax Return. Please give full details of the cashback in the 'Additional information' box, box 23.6.)

Sickness and unemployment insurance

Benefits for sickness or disability paid by an employer must be included in the Employment Pages.

If you have left employment but continue to receive benefits for sickness or disability under a personal insurance policy because you are covered by your former employer's permanent health insurance scheme, enter the amount received in box 13.3.

However, if you contributed to the premiums paid by your employer or former employer, the benefits received by you that arise from that employer's scheme will be exempt to the extent that they relate to your contributions. Do not include the exempt amount. Check with your Inland Revenue office if you need help in calculating the exempt amount.

Income of a trade or vocation which is received as benefits for sickness or disability must go in the Self-employment Pages, or the Partnership Pages if the business was carried on in partnership.

Do not include in your Tax Return any other benefits for sickness, injury or disability paid under insurance policies. If you are unsure whether or not your sickness or unemployment benefits are taxable, ask the Orderline or your Inland Revenue office for leaflet *IR153: Tax exemption for sickness or unemployment insurance payments*. Copies of the leaflet may also be available at your library or Citizens Advice Bureau.

Lump sums from unapproved retirement benefits schemes

An unapproved retirement benefits scheme is a scheme set up by your (ex) employer to provide retirement or death benefits. It does not include a scheme approved by the Inland Revenue. A lump sum from an unapproved scheme is taxable unless you can show that it is:

- attributable either to your own contributions to the scheme, **or**
- attributable to contributions by your (ex) employer which have been taxed on you, **or**
- for accidental disablement or death, **or**
- the only such benefit you received and you are not also a member of an approved scheme. If so it **may** be free of tax - ask your Inland Revenue office about Statement of Practice 13/91.

(No losses may be set against this income.)

box 13.4 Enter any unused allowable losses brought forward from earlier years.

box 13.5 You cannot set losses against all categories of other income, for example, you cannot set losses against annual payments - see the notes below. Enter in box 13.5 the amount of any loss brought forward which can be set against the income in box 13.3 up to the amount of that income.

box 13.6 Enter the amount of any loss for the year that you have not set against other income in box 13.3 and which you are claiming to carry forward to a later year.

Expenses

The amount of taxable income is the gross income you are entitled to (whether or not you received it) in the tax year *minus* allowable expenses incurred in that year. Allowable expenses are those which:

- had to be spent solely to earn the income, **and**
- were not spent for private or personal reasons, **and**
- were not spent to buy something which you intend to keep for a while (such as a computer). But you may be able to claim capital allowances for this expense. Ask your Inland Revenue office or tax adviser for advice.

You cannot set expenses against annual payments.

For guidance on expenses which are allowable in arriving at the taxable amount of receipts from a discontinued business, or arising from a change in the basis on which business profits are calculated, please read the notes on 'Post-cessation and similar business receipts' in the next column.

Losses

If your allowable expenses are more than your receipts, you made a loss. Some, but not all, losses can be set against some types of income from other transactions in the 'other income' category.

If you have no such income this year, losses can be carried forward and set against similar income in future years.

You cannot set losses against annual payments.

If any receipts from a discontinued business, or arising from a change in the basis on which business profits are calculated and which would not otherwise be taken into account for tax purposes during the life of the business, are exceeded by your allowable expenses, see the note for box 15.8 on page 22.

(If you are in any doubt about which losses you can claim or how to claim them, ask the Orderline for *Help Sheet IR325: Other taxable income*, or ask your Inland Revenue office or tax adviser.)

Post-cessation and similar business receipts

Include any income you receive from a business in which your involvement has ceased, for example, if you have disposed of it, if it has been discontinued, or, if it was run in partnership, you ceased to be a partner. If the basis on which the profits of a business are calculated is changed, include here any receipts which, as a result of that change, would not otherwise be taken into account for tax purposes during the life of the business. Examples include:

- money you have recovered from a bad debt which you had written off in your business accounts
- royalties arising after the business ceased from contracts made before it ceased
- receipts relating to work completed before you changed the basis on which profits are calculated from a cash to an earnings basis.

There are two ways of dealing with this. Either you enter the total in box 13.3 or, alternatively, you can claim to have the income taxed as income of the year in which the business ceased. If you wish to do this, do not use box 13.3. Instead, tick box 23.5 on page 8 of your Tax Return. Please enter the amount and the year in which the business ceased in the 'Additional information' box, box 23.6.

Where the income relates to a discontinued business, the amount to be included in your Tax Return is after:

- losses and expenses, not arising from the discontinuance itself, which would have been allowable had the business continued, **and**
- any unused losses and unused capital allowances of the discontinued business, **and**
- any such expenses brought forward from earlier years which have not previously been relieved against post-cessation receipts.

Where the receipts arise from a change in the basis on which the profits of a business are calculated, the amount to be included is after any expenses not otherwise allowed and which would have been allowed but for the change.

If the allowable expenses you have paid exceed receipts, read the note for box 15.8 on page 22.

Q 14 Do you want to claim relief for pension contributions made from your income?

If you tick the 'No' box, go to Question 15.

Tax relief is given at source for contributions to your employer's pension scheme (that is, not a personal pension scheme) deducted from your pay. If this is your only pension provision, tick the 'No' box and go to Question 15.

Otherwise, tick the 'Yes' box and fill in boxes 14.1 to 14.17, as appropriate.

■ Personal pensions and retirement annuities

You can claim tax relief as a deduction from your earned income for payments to a personal pension plan or to a retirement annuity contract taken out to provide you with benefits on your retirement. Where the contract (or policy) was taken out before 1 July 1988, payments are retirement annuity premiums. Payments to plans (or policies) taken out on or after 1 July 1988 are personal pension contributions. Keep your payment certificates or receipts.

How relief is given

How relief is obtained varies according to whether you are self-employed or an employee.

If you are self-employed:

- the amount of your payments that qualify for relief is limited to a percentage of your 'net relevant earnings' (see below)
- payments to personal pension plans and to retirement annuity contracts are made 'gross', without tax being deducted
- relief is given by reducing the level of your taxable profits.

If you are an employee:

- the amount of your payments that qualify for relief is limited to a percentage of your 'net relevant earnings' (see below)
- payments to retirement annuities are made gross and relief is given by deduction from your taxable pay
- payments to personal pension plans are made by you to the pension provider with the tax having already been deducted at the basic rate, and no further relief will be due unless you are liable to tax at the higher rate. This always applies even if your contributions are collected by your employer. The basic rate tax relief is reclaimed direct from the Inland Revenue by your pension scheme administrator and added to your plan. But you still have to enter the gross payments (that is before tax has been deducted) on your Tax Return. Ask your pension scheme administrator for these amounts if they are not shown on your annual statement.

Net relevant earnings

Net relevant earnings are:

- earnings from non-pensionable employment
- your self-employed profits as a sole trader (box 3.88 on the Self-employment Pages)
- your share of partnership profits (box 4.22 on the Partnership Pages)
- any furnished holiday letting profit (box 5.14 on the Land and Property Pages and the figure from your Partnership Statement if you are in a partnership that has furnished holiday letting profits).

Limits to relief

The table below shows the maximum payments qualifying for relief for both personal pensions and retirement annuities. For personal pensions the percentage limits apply to earnings (up to a maximum of £91,800). Any personal payments made by your employer count towards your percentage limit. But you do not get tax relief on your employer's contributions.

If you pay into a retirement annuity contract only, there is no limit on the amount of earnings to which the percentage applies.

Age at 6 April 2000	Personal pensions limit	Retirement annuities limit
35 or less	17.5%	17.5%
36-45	20.0%	17.5%
46-50	25.0%	17.5%
51-55	30.0%	20.0%
56-60	35.0%	22.5%
61-74	40.0%	27.5%

Ask the Orderline for *Help Sheet IR330: Pension payments* which includes Working Sheets and explains the limits to tax relief when you make payments to both a personal pension scheme and a retirement annuity contract.

Any personal pension payments which do not qualify for relief must be returned to you or your employer, if appropriate, by your pension scheme administrator.

Doctors and dentists

If you are claiming relief for payments to the NHS Superannuation Scheme (see box 14.16) and you are also paying personal pension contributions or retirement annuity premiums, you must deduct your NHS earnings from your net relevant earnings. Ask the Orderline for booklet *IR1: Extra Statutory Concessions*, which explains how to do this.

Carry back

You can in some circumstances allocate to an earlier year all or part of a payment made in 2000-2001 to a personal pension plan or a retirement annuity contract. Payments made in 2000-2001 may be allocated to:

- 1999-2000, **or**
- 1998-99, but **only** if you had no net relevant earnings in 1999-2000.

You can make your election to carry back payments either by including it in your Tax Return or sending a separate election to your Inland Revenue office before 31 January 2002. Special forms are available for this purpose - form PP43 for personal pension payments and form 43 for retirement annuity payments. If you are an employee, your personal pension administrator will give you the form PP43 which you should complete and return to your scheme administrator. You need only send the form (always copy to your scheme administrator) to your Inland Revenue office where you make your claim outside your Tax Return and you are claiming tax relief at the higher rate. The forms are also available from the Orderline.

Ask the Orderline for *Help Sheet IR330: Pension payments*. This includes a Working Sheet to help you work out the payments you can carry back.

Payments brought back

Under a carry back election you can also bring back payments already made in 2001-2002 (that is, paid after 5 April 2001 but before you send your Tax Return). The relief will give rise to a tax credit which will be set against the tax due or repaid as appropriate.

Payments made between the date of filing your Tax Return and 5 April 2002 can be carried back in the usual way. There is no need to wait for your 2001-2002 Tax Return.

If you prefer to make your election earlier, send it to your Inland Revenue office after you have made your payments.

Carry forward of unused relief

In certain circumstances unused relief from earlier years may be carried forward and given for payments which exceed the percentage limit in the year for which the relief is claimed. Ask the Orderline for *Help Sheet IR330: Pension payments*, which explains more about carry forward and includes Working Sheets to help you.

If you are an employee your scheme administrator will give you a special form PP42 which you should complete and return to your scheme administrator. You need only send the form (always copy to your scheme administrator) to your Inland Revenue office if you make the claim outside your Tax Return.

Help Sheet IR330: Pension payments

Ask the Orderline for *Help Sheet IR330: Pension payments* if:

- you pay into both a retirement annuity contract and a personal pension plan, **or**
- you bring back payments made after 5 April 2001, **or**
- you carry back payments to a previous year, **or**
- the figure in box 14.5, or 14.10 or 14.15 is more than the appropriate percentage limit of your earnings.

It includes Working Sheets to help you complete the boxes.

Qualifying payments

The payments you make to your personal pension plan or retirement annuity contract which qualify for tax relief are normally subject to limits.

These qualifying payments are made up of one or more of the following, each of which is subject to its own limits:

- the payment for relief in this tax year up to the percentage limit of your net relevant earnings for the year (see the note on 'limits to relief' on page 18)
- the payment you make in excess of your percentage limit for this tax year to take up unused relief from earlier years (see the note on page 18 on 'carry forward of unused relief')
- the payment you wish to carry back (including the amount you have already taken back) is limited to the relief still available in the earlier year (see the notes on page 18 on 'carry back' and 'payments brought back').

If you are an employee who makes payments to a personal pension plan, your scheme administrator will check that your payments are within the permissible limits.

- Retirement annuities

box 14.1 Enter the gross amount of qualifying retirement annuity payments made in 2000-2001.

box 14.2 Enter the amount of your 2000-2001 qualifying payments for which you have already claimed relief in an earlier year. See *Help Sheet IR330: Pension payments*, available from the Orderline.

box 14.3 Enter the amount of your 2000-2001 qualifying payments you now want to carry back to an earlier year. See *Help Sheet IR330: Pension payments*, available from the Orderline.

box 14.4 Enter the amount of qualifying payments you have made **after 5 April 2001**, but **before the date you send your Tax Return**, for which you want to claim relief now. The relief will give rise to a tax credit which will be set against the tax due or repaid, as appropriate. I will work it out for you, but if you want to do it yourself, the box 18.8 note in the Tax Calculation Guide will tell you what to do. You must enter the payments in box 14.2 of **next year's** (2001-2002) Tax Return. See *Help Sheet IR330: Pension payments*, available from the Orderline.

box 14.5 This is the amount of relief you are claiming against your 2000-2001 income. You get this figure by subtracting 2000-2001 payments you have already used (box 14.2) or are now going to use in an earlier year (box 14.3) from your total 2000-2001 qualifying payments (box 14.1).

- Personal pensions (self-employed)

box 14.6 Enter the gross amount of qualifying personal pension payments made as a self-employed person in 2000-2001.

box 14.7 Enter the gross amount of your 2000-2001 qualifying payments for which you have already claimed relief in an earlier year. See *Help Sheet IR330: Pension payments*, available from the Orderline.

box 14.8 Enter the gross amount of your 2000-2001 qualifying payments you now want to carry back to an earlier year. See *Help Sheet IR330: Pension payments*, available from the Orderline.

box 14.9 Enter the gross amount of qualifying payments you have made **after 5 April 2001**, but **before the date you send your Tax Return**, for which you want to claim relief. The relief will give rise to a tax credit which will be set against the tax due or repaid as appropriate. I will work it out for you, but if you want to do it yourself, the box 18.8 note in the Tax Calculation Guide will tell you what to do. You must enter the payments in box 14.7 of **next year's** (2001-2002) Tax Return. See *Help Sheet IR330: Pension payments*, available from the Orderline.

box 14.10 This is the amount of relief you are claiming against your 2000-2001 income. You get this figure by subtracting 2000-2001 qualifying payments you have already used (box 14.7) or are now going to use in an earlier year (box 14.8) from your total 2000-2001 qualifying payments (box 14.6).

- Personal pensions (employees) - see the box 14.17 note for Free-Standing AVC schemes

box 14.11 Enter the gross amount of qualifying personal pension payments made as an employee. This is the amount of the payment you made in 2000-2001 with the basic rate tax on it added to your plan. Ask your pension administrator for the amounts if they are not shown on your annual statement, or you can work out your gross payment by dividing the amount you paid by 78 and multiplying the answer by 100. So, for example, if you paid £780 you should enter:

$$780 \times \frac{100}{78} = £1{,}000 \text{ in box 14.11.}$$

This is your net payment of £780 plus basic rate tax of £220.

box 14.12 Enter the gross amount of your 2000-2001 qualifying payments for which you have already claimed relief in an earlier year. See *Help Sheet IR330: Pension payments*, available from the Orderline.

box 14.13 Enter the gross amount of your 2000-2001 qualifying payments you now want to carry back to an earlier year. See *Help Sheet IR330: Pension payments*, available from the Orderline.

box 14.14 Enter the gross amount of qualifying payments you have made **after 5 April 2001**, but **before the date you send your Tax Return**, for which you want to claim relief now. The relief will give rise to a tax credit which will be set against the tax due or repaid as appropriate. I will work it out for you, but if you want to do it yourself, the box 18.8 note in the Tax Calculation Guide will tell you what to do. You must enter the payments in box 14.12 of **next year's** (2001-2002) Tax Return. See *Help Sheet IR330: Pension payments*, available from the Orderline.

box 14.15 This is the amount of relief you are claiming against your 2000-2001 income. You get this figure by subtracting 2000-2001 qualifying payments you have already used (box 14.12) or are now going to use in an earlier year (box 14.13) from your total 2000-2001 qualifying payments (box 14.11).

continued over

- Employer's retirement benefits schemes

box 14.16 Contributions, including regular additional voluntary contributions (AVCs), to your employer's scheme are deducted at source from your pay by your employer, before tax is charged on the remainder of your pay. Do not enter these contributions in box 14.16.

Enter the amount of contributions made to the scheme (within the 15% earnings limit) which exceptionally has not been deducted at source from your pay before tax has been charged. Such payments are exceptional. An example would be additional voluntary contributions paid by way of a lump sum at or near 5 April 2001.

If you are a medical or dental practitioner whose income from the National Health Service is taxable as self-employed profits, and you want to claim relief for the contributions paid to the National Health Service Superannuation Scheme, enter in box 14.16 the contributions paid for 2000-2001. Ask the Orderline for *Help Sheet IR231: Doctors' expenses* for more information.

- Free-Standing Additional Voluntary Contributions

box 14.17 If you are an employee, you can pay up to 15% of your earnings (up to an earnings limit of £91,800 in some cases) *minus* what you pay to your employer's scheme, to a Free-Standing Additional Voluntary Contributions (FSAVC) scheme. This is a scheme that is not run by your employer but by a financial institution. Ask your scheme administrator for details.

If you are a medical or dental practitioner claiming tax relief on your contributions to the NHS Superannuation Scheme, you may pay contributions to a Free-Standing Additional Voluntary Contributions (FSAVC) scheme. Ask your administrator for details.

Payments to FSAVC schemes are made net of tax at basic rate. You get further relief if you are taxable at the higher rate.

Enter the gross amount of FSAVC payments in box 14.17. This is the amount you actually paid to your FSAVC provider plus the tax relief you deducted from the payment. For example, if you paid £780 enter £1,000 in box 14.17 (see the example on page 19). Ask your scheme administrator for these amounts if they are not shown on your annual statement.

Q 15 Do you want to claim any other reliefs?

If you tick the 'No' box, go to Question 16.

Otherwise, tick the 'Yes' box and fill in boxes 15.1 to 15.12, as appropriate, using the notes below.

- Payments you made for vocational training

box 15.1 Relief for vocational training was withdrawn from 1 September 2000. Only training payments made between 6 April 2000 and 31 August 2000 will therefore qualify for relief in 2000-2001.

There is a tax relief for training that counts towards a National Vocational Qualification (NVQ) or Scottish Vocational Qualification (SVQ). If you are aged 16, 17 or 18 and not in full time education at a school, or if you are aged 19 or over, you can get tax relief if :

- you paid for your own training, **and**
- you are resident in the UK for tax purposes, **and**
- you are not receiving, or entitled to receive, financial assistance (that is, a loan or grant) for a course under a Government Scheme, **and**
- you are not undertaking the training wholly or mainly for recreational or leisure purposes.

Since 6 May 1996 you can get relief for payments made for any full time vocational course that lasts for at least four weeks but no longer than a year, provided you are aged 30 or over at the time of payment and all the training takes place in the UK.

You will normally get basic rate tax relief at source by paying the net amount to your training provider. If this is the case, **leave box 15.1 blank**. (There is no additional relief for higher rate taxpayers from 6 April 1999.)

If you did not receive basic rate tax relief at source you should contact your training provider who should give you relief retrospectively. **Leave box 15.1 blank**.

If your training payment was made to a non-UK training provider for NVQ or SVQ which took place outside the UK you will not receive basic rate tax relief at source. Enter in box 15.1 the gross amount of the training payment you made. If you were also aged 65 or over at the date of that payment you may be entitled to an additional age-related allowance. For further information about this point please telephone us on 0151 472 6022.

If you want more information about the scheme ask the Orderline for leaflet *IR119: Tax Relief for Vocational Training*.

- Interest eligible for relief on qualifying loans

box 15.2 You may be entitled to claim relief for interest on loans used to buy:

- shares in (or to fund) a 'close company' (see below), **or**
- an interest in (or to fund) a partnership, **or**
- plant or machinery for your work.

Information about these and other qualifying loans is included in *Help Sheet IR340: Interest eligible for relief on qualifying loans.* Work through the Help Sheet and enter the amount you want to claim in box 15.2.

You may also be able to claim relief for any benefit taxable on you if you receive a low-interest or interest-free loan from your employer (beneficial loan interest). Ask the Orderline for leaflet *IR145: Low-interest loans provided by employers.*

A close company is, broadly, one controlled by:

- five or fewer 'participators', **or**
- any number of participators who are directors.

'Participators' are persons who have a share or interest in the income or capital of the company, such as the shareholders and certain loan creditors.

If you are in any doubt about whether you have shares in a close company, ask your Inland Revenue office or tax adviser for help.

Loans to purchase let property

Do not include any interest in box 15.2 on loans to purchase let property; instead, include such interest in box 5.26 on your Land and Property Pages.

Interest on loans to buy your main home is no longer eligible for relief.

Life annuities for the over 65s / Home income plans

Interest paid on a loan to buy a life annuity may be eligible for relief. The loan must be secured on your main home and the borrower, or the person who receives the annuity, must have been over 65 when the loan was made. This relief is available only for loans taken out before 9 March 1999 (or loans replacing such a loan). If the loan is in MIRAS, you will have already received the full amount of relief due and do not need to enter any details on the Tax Return. If, exceptionally, the loan is not in MIRAS, please telephone us on 0151 472 6155 and we will arrange for the appropriate relief to be given.

- Maintenance or alimony payments

box 15.3 If you or your former husband or wife was born before 6 April 1935 you are entitled to relief if your payments to maintain your child or former wife or husband are made under certain legally binding arrangements. These can be:

- a court order
- a Child Support Agency (CSA) assessment, **or**
- a written agreement.

You cannot get a tax relief for other payments, such as:

- voluntary payments
- payments made to your children
- payments made for your children if they are aged 21 or over.

Leaflet *IR121: Income Tax and pensioners* available from the Orderline, provides more detail.

You can get relief on your payments if **all** of the following four conditions are met:

- the court order, CSA or written agreement is made under the laws of one of the following countries - United Kingdom, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands, Norway, Portugal, Spain or Sweden, **and**
- the payments are made to your separated or former husband or wife or, although paid to the DSS (or SSA in Northern Ireland) are treated as if made to him or her, **and**
- your separated or former husband or wife has not remarried, **and**
- the payments are for his or her own maintenance, or for the maintenance of a child aged under 21 of whom you are both the parents, or who you have treated as part of your family.

You can get tax relief on the payments you make only up to a total of £2,000, even if you pay more. The limit is the same even if you make payments to more than one separated or former husband or wife.

Enter in box 15.3 the lower of:

- £2,000, **or**
- the amount you paid in the year ended 5 April 2001.

If your former husband or wife has remarried in 2000-2001, you can get relief on the payments you made only up to the date of the marriage. You should enter in box 15.3 the lower of £2,000 or the payments made.

Please enter the dates of the court orders etc in the 'Additional information' box, box 23.6, on page 8 of your Tax Return. Tax relief will be given at 10% of the amount you have entered in box 15.3.

- Venture Capital Trust shares

box 15.4 If you have subscribed for shares in Venture Capital Trusts, you may be entitled to claim tax relief on subscriptions up to £100,000. To qualify for tax relief you must have been aged 18 or over when the shares were issued.

The amount of relief you are entitled to is the **smaller** of:

- the amount you subscribed (up to a maximum of £100,000) multiplied by 20%, **or**
- the amount that reduces your tax bill to zero for the year (I will work this out for you, or, if you are calculating your tax, the Tax Calculation Guide explains what to do).

Enter in box 15.4 the amount you subscribed, up to a maximum of £100,000.

Keep certificates provided by Venture Capital Trusts - I might ask to see them later.

For further details ask the Orderline for the leaflet *Venture Capital Trusts (VCTs), a brief guide*.

- Enterprise Investment Scheme (EIS)

box 15.5 If you invested in shares which were issued during the year (or, in some cases, during the following six months), you may be able to claim Income Tax relief under the Enterprise Investment Scheme, provided you have received a form EIS3(1998) relating to the shares (or else a form EIS5(1998), if the investment was made through an approved investment fund). Form EIS3(1998) is issued by the company invested in, while the form EIS5(1998) is issued by the fund manager.

If you need more information ask the Orderline for *Help Sheet IR341: Enterprise Investment Scheme - Income Tax Relief*.

(A separate Help Sheet, *Help Sheet IR297: Enterprise Investment Scheme and Capital Gains Tax*, provides guidance on claiming Capital Gains Tax deferral relief.)

- Gift Aid and payments under charitable covenants

box 15.6 You may be entitled to higher rate relief for payments made under:

- Gift Aid
- Millennium Gift Aid
- charitable covenants entered into before 6 April 2000.

These payments are treated as made after basic rate tax has been deducted. Unless you are liable at the higher rate no further relief is due.

If you have paid less tax than is treated as deducted from the payments you may have to pay the difference to us. Even if you are not claiming higher rate relief you should enter in box 15.6 the amount of any of these payments.

Gift Aid is a tax relief for cash gifts to UK charities. Payments under Gift Aid can be made by UK taxpayers and certain non-residents with Income Tax in the UK. From 6 April 2000 you can make gifts of any amount under Gift Aid so long as you have given an appropriate declaration to the charity.

Millennium Gift Aid is a tax relief for cash gifts of £100 or more made by people resident in the UK to UK charities between July 1998 and 31 December 2000, specifically to support educational or anti-poverty causes in the world's poorest countries or to help Kosovan refugees. Each gift must be £100 or more and can be made as a single payment, or by instalments which reach £100 or more.

Charitable covenants. From 6 April 2000 relief for gifts to charity under deeds of covenant has been brought within Gift Aid. Payments under deeds entered into before 6 April 2000 come within Gift Aid automatically until the deed expires. Deeds entered into on or after 6 April 2000 are not tax effective unless a Gift Aid declaration has been given to the charity.

If you need more information, ask the Orderline for *Help Sheet IR342: Charitable giving* and leaflet *IR65: Giving to Charity by individuals*, leaflet *IR64: Giving to Charity by businesses*, or leaflet *IR63: Millennium Gift Aid*.

Enter the total amount of the gifts made during the year ended 5 April 2001. If you are making Millennium Gift Aid donations by instalments, you should include those instalment payments in respect of which you gave a Millennium Gift Aid certificate to the charity during the year.

Do **not** include the tax treated as deducted.

continued over

- Gifts of qualifying investments to charities

box 15.7 You can claim relief against your income for gifts of qualifying investments to UK charities. You can also claim relief if you sell qualifying investments to UK charities for less than their market value.

Qualifying investments are:

- shares and securities listed or dealt in on the UK Stock Exchange, including the Alternative Investment Market
- shares and securities listed or dealt in on any overseas recognised stock exchange
- units in a UK authorised unit trust (AUT)
- shares in a UK open-ended investment company (OEIC)
- holdings in certain foreign collective investment schemes. (Broadly these are schemes established outside the UK that are equivalent to unit trusts and OEICs.)

Enter the total value of all the investments that you gave or sold to charity in the year ended 5 April 2001, at the time of the gift or sale, *minus* any consideration and the value of any benefits you received in connection with the gift or sale. You can include any costs, such as brokers' fees, or stamp duty, incurred in making the gift.

If you need more information, ask the Orderline for *Help Sheet IR342: Charitable giving* and leaflet *IR178: Giving shares and securities to charity*.

- Post-cessation expenses, pre-incorporation losses brought forward and losses on relevant discounted securities etc.

box 15.8 You may be able to get relief for expenses you pay after you cease in business if those expenses are closely related to that business.

The payments must be made within seven years of the business ceasing, and must be amounts spent:

- in remedying, or as damages for, defective work done, goods supplied, or services rendered in the course of the former business activity, **or**
- for legal or other professional services in connection with any claim that the work, goods or services were defective, **or**
- for insurance against any expenses described above, **or**
- in recovering debts which have been taken into account in calculating the business profits before it ceased.

Additionally, relief is available for debts owed to the business which have been taken into account in calculating the profits or gains of the business before it ceased but which, within seven years of the business ceasing:

- are shown to be bad, **or**
- are released under a formal voluntary arrangement.

A claim must be made by 31 January 2003.

Relief is given against income and capital gains of the year in which the expense is paid. Enter the amount of relief you are claiming against 2000-2001 income in box 15.8, and the amount of relief you are claiming against 2000-2001 capital gains in box 8.5 of the Capital Gains Pages - but see the notes on unpaid expenses in the next column.

Unrelieved expenses can only be set against any post-cessation receipts which may arise in the future and not any other future income or gains (see page 17).

Unpaid expenses

If:

- a deduction was given against taxable profits of the former business for expenses which had not actually been paid before cessation, **and**
- those expenses remain unpaid at 5 April 2001,

the amount of the relief you can claim must be reduced by the amount of the unpaid expense. Deduct it to arrive at the figure to enter in box 15.8.

Reimbursements

You must enter in **box 13.3**:

- any insurance proceeds or premium refunds, or other sums received in connection with an insurance policy taken out to cover the expenses listed above, **or**
- expenses recovered from any other person or any recovery of debts for which relief has been allowed.

If you are in any doubt about the correct treatment of post-cessation expenses, ask your Inland Revenue office or tax adviser.

- Pre-incorporation losses

If:

- you have claimed to carry forward losses from self-employment against future profits: **and**
- you transfer your business to a company before all the losses are used

you may be able to set any remaining losses against your income from the company.

The conditions are that:

- you must have transferred the business to the company solely or mainly in exchange for shares in the company, **and**
- you must be the beneficial owner of the shares, and the company must have carried on the business throughout the year (for the year in which the business was transferred this means from the date of transfer to the following 5 April).

You should first set the losses against any income from the company which does not have tax deducted at source (for example, a salary from employment with the company).

- Losses on relevant discounted securities

If you have incurred a loss in the year ended 5 April 2001 on the disposal of any relevant discounted security (see page 10), you can claim tax relief for that loss by entering it in box 15.8. You cannot set the loss against the income of an earlier or later year.

Industrial Buildings Allowance from investment in Enterprise Zone Trusts

If you invest in an Enterprise Zone property unit trust you can claim relief against your total income for your share of the trust's industrial buildings allowance for the year. The trustees will notify you of the amount. Use the Land and Property Pages, available from the Orderline, to claim the relief (and to enter your share of any balancing charge).

- Relief for ex-employee's liabilities and costs

You may be able to claim relief for liabilities and costs relating to actual or alleged wrongful acts by you in a former employment which has now ceased. If you did not bear these liabilities and costs yourself, there are special rules which may limit or prevent the relief. If you do not know what to claim, ask your Inland Revenue office or tax adviser before you fill in box 15.8. If the amount of liabilities or costs you can claim for exceed your total income for the year, you may be able to set some or all of the excess against capital gains. If you need help, ask your Inland Revenue office or your tax adviser.

- Annuities

box 15.9 You can claim higher rate tax relief for payments under annuities and covenants entered into for full value for genuine commercial reasons in connection with the payer's trade or profession.

These payments are treated as made after basic rate tax has been deducted. No further relief will be due unless you are taxable at the higher rate.

Enter the total annuities you paid in the year ended 5 April 2001. Do **not** include the tax treated as deducted.

- Payments to a trade union or friendly society for death benefits

box 15.10 You can claim tax relief for:

- the part of your trade union subscription that entitles you to superannuation (that is, pension), life assurance or funeral benefits, **or**
- part of any premiums that you pay to a friendly society under a policy that combines sickness and death benefits, where the total premium is no more than £25 per month, and no more than 40% of the premium is charged for the death benefit. This type of policy is now unusual and the great majority of friendly society policies do not meet the conditions for the relief.

The relief is calculated as one half of that part of your subscription or premium which went to provide the superannuation, life assurance, funeral or death benefit. Your union representative or friendly society will be able to tell you how much, if any, of your subscription or premium was for these benefits.

Enter in box 15.10, **one half** of that part of your union subscriptions or premiums paid under a friendly society sickness and death benefit policy which relates to the superannuation, life assurance, funeral or death benefits.

- Payments to your employer's compulsory widow's, widower's or orphan's benefit scheme

box 15.11 You may be able to get relief for a contribution that you are required to make, either by the terms of your employment or by Act of Parliament, to a scheme to provide a pension for your spouse or financial support for your children in the event of your death. **Normally you will be given relief for your payments through the PAYE system and no claim is necessary.** However in some situations, particularly if you have to make a lump sum contribution on retirement, the relief available through PAYE may not cover the whole of the payment. You can claim relief on up to £100 of any payment not relieved under PAYE. Calculate the relief at the basic rate of tax (22%) on the **lesser** of £100 or the amount of the payment not relieved through PAYE. Enter the amount claimed in box 15.11.

- Relief claimed on a qualifying distribution on the redemption of bonus shares or securities

box 15.12 If you receive bonus securities or shares their subsequent redemption is a qualifying distribution and is paid with a tax credit.

If you are liable at the higher rate of tax (40%) you will have to pay further tax on this income but you are entitled to an allowance, **in terms of tax**, for the higher rate tax paid (or payable) on the issue of those bonus securities or shares. This ensures the income is not taxed twice.

If you are liable to upper dividend rate tax and have included income in box 10.17 that relates to an amount received on the redemption of bonus securities or redeemable shares, enter in box 15.12 the upper dividend rate tax paid on the non-qualifying distribution; this will be the figure in box 10.26 x 32.5% *minus* the ordinary dividend rate tax (10%), or the lower rate (20%) on distributions between 1993-94 and 1998-99 inclusive (or basic rate tax if the distribution was before 1993-94).

Q 16 Do you want to claim any allowances?

Everyone gets the personal allowance of £4,385 automatically (except for some non-residents, who should check the Non-residence etc. Pages and Notes for entitlement to any allowances).

If you were born before 6 April 1936 you may get a higher amount of personal allowance. Fill in box 22.6. If your income was over £17,000 in the year ended 5 April 2001, you may not get the higher amount or it may be restricted.

Other allowances available are:

- blind person's allowance
- married couple's allowance (this allowance is only available where either partner in a couple was born before 6 April 1935 - see page 24)
- widow's bereavement allowance (you may only claim this allowance in 2000-2001 if you were widowed in the year ending 5 April 2000 and provided you did not remarry in that year. See page 25 for further details)
- unused married couple's allowance and blind person's allowance (if due) from your husband or wife.

The last year of claim for transitional allowance was 1999-2000. The allowance has been abolished for 2000-2001.

If you are married and you did not have enough income to use up all your married couple's allowance (or, if you are blind, blind person's allowance), you can transfer the unused part to your spouse - see the notes on page 25.

If you want to claim one or more of these other allowances, tick the 'Yes' box and fill in boxes 16.1 to 16.18, as appropriate, in your Tax Return, using the notes below. You should still fill in any relevant boxes even if you contacted your Inland Revenue office during the year to claim the allowances. Otherwise tick the 'No' box and go to Question 17.

- *Blind person's allowance*

boxes 16.1 and 16.2 You can claim the allowance if you were registered blind with a local authority:

- enter the date you were registered blind in box 16.1 if this is the first year you are claiming, **and**
- enter the name of the local authority in box 16.2.

If 2001-2002 is the first year you are on the register, you can still get the allowance for the year ended 5 April 2001, if you already had evidence of blindness at that date. This will usually be an ophthalmologist's certificate, upon which the local authority subsequently based your registration.

Also, if you live in Scotland or Northern Ireland, you can claim blind person's allowance if you are so blind you are unable to perform any work for which eyesight is essential. To claim, write 'Scotland claim' or 'Northern Ireland claim' in box 16.2.

■ Married couple's allowance

In 2000-2001 married couple's allowance can only be claimed if either you, or your husband or wife, were born before **6 April 1935**. So you can only claim the allowance in 2000-2001 if either of you had reached **65 years of age before 6 April 2000**. The rate of married couple's allowance for 2000-2001 is £5,185 at 10% (the amount increases to £5,255 if either of you were 75 or over at any time during the year). This gives you a maximum tax saving of £518.50 (£525.50 if 75 or over). See 'Income restriction' opposite if your income in 2000-2001 was more than £17,000.

If **both** you and your husband or wife were born after 5 April 1935 you cannot claim; **do not** complete boxes 16.3 to 16.13.

boxes 16.3 and 16.4 If you are a married man, or if you are a married woman and you are claiming half or all of the married couple's allowance, fill in boxes 16.3 and 16.4.

If you are a married man and either you, or your wife, were born before 6 April 1935 you can only claim married couple's allowance if you were living with your wife for all or part of the year ended 5 April 2001.

You can still be regarded as 'living together' even if you were not living together under the same roof, as long as

- you are still married, **and**
- neither of you intends to make the separation permanent.

If you were born before 6 April 1935 enter your date of birth in box 16.3. You need only complete box 16.4 **if** your spouse was born before 6 April 1935 **and** is older than you.

If you are a married man fill in boxes 16.5 to 16.9. If you are a married woman fill in boxes 16.10 to 16.13.

boxes 16.5 to 16.9 If you married in the year ended 5 April 2001, read the section 'Special rules if you are a man who married in the year ended 5 April 2001' on page 25, for details of what to claim. Otherwise to complete your claim to married couple's allowance please enter:

- your wife's full name in box 16.5.

That is all you have to do **unless** you and your wife have decided:

- to have half the allowance each (if you have done this and your Inland Revenue office has agreed, tick box 16.7), **or**
- that the whole of the allowance should go to her (if you have done this and your Inland Revenue office has agreed, tick box 16.8).

Read the section 'Who gets married couple's allowance - you or your husband or wife?' opposite.

boxes 16.10 to 16.13 If you are a married man, leave these boxes blank and fill in boxes 16.5 to 16.9 instead.

If you are a married woman, you can only claim married couple's allowance if either you or your husband were born before 6 April 1935, you were married and living with your husband for all or part of the year ended 5 April 2001 **and** you have decided:

- to have half the allowance (if you have done this and your Inland Revenue office has agreed, tick box 16.10), **or**
- you and your husband have decided that the whole allowance should go to you (if you have done this and your Inland Revenue office has agreed, tick box 16.11).

Read the section 'Who gets married couple's allowance - you or your husband or wife?' opposite for further details.

Complete your claim by entering:

- your husband's full name in box 16.12, **and**
- the date of your marriage, if after 5 April 2000, in box 16.13 (unless you can continue to get half or all of the married couple's allowance you are entitled to from a previous marriage, in which case, leave box 16.13 blank).

Who gets married couple's allowance - you or your husband or wife?

The allowance goes automatically to the husband unless:

- either of you has asked for half the allowance to be given to each, **or**
- both of you have asked for the whole allowance to be given to the wife.

You can only change the way married couple's allowance is given to you if your Inland Revenue office agreed to the change before 6 April 2000 (or 6 April 2001 if you married after 5 April 2000). Otherwise it is too late to make a change to apply to your 2000-2001 Tax Return. Write to your Inland Revenue office as soon as possible if either of you was born before 6 April 1935 and you want to make a change to apply to your 2002-2003 Tax Return (it is already too late for 2001-2002). Once you have changed your married couple's allowance arrangement, it stays that way each year until you decide to change again.

A married couple entitled to a higher age-related married couple's allowance can only transfer an amount equal to all or half of the minimum married couple's allowance of £2,000 at 10%.

These rules are separate from those which allow the married couple's allowance to be transferred from one of you to the other, where the person getting the married couple's allowance does not have enough income to use it. See 'Transferring unused allowances' and 'Using unused allowances' on page 25 for more details.

Higher allowance if one spouse was 75 years or over at any time during the year ending 5 April 2001

If either you or your wife were 75 years or over at any time during the year ending 5 April 2001, you may get a higher amount of married couple's allowance. The higher level of the allowance in 2000-2001 is £5,255 at 10%. This gives you a maximum tax saving of £525.50. But if your income in 2000-2001 was more than £17,000 read the following paragraph, 'Income restriction'.

Income restriction

Married couple's allowance where either you or your wife were born before 6 April 1935, and the higher amount of the allowance which is due if either you or your wife were 75 years or over at any time during the year ending 5 April 2001, are both subject to an income restriction.

If your income was over £17,000 in the year ended 5 April 2001, you may not get the full amount of married couple's allowance. The allowance is reduced at the rate of £1 of the allowance for every £2 of income above £17,000. Whatever the level of your income the minimum amount of married couple's allowance you can receive in 2000-2001 is £2,000 at 10%.

If your husband died in 2000-2001

If you are a married woman filling in a Tax Return, and your husband died during the year ended 5 April 2001, you can only have that part of the married couple's allowance which cannot be used against your deceased husband's income for that year.

This applies whether or not you had previously agreed to share, or for you to have the whole of, the allowance. Leave boxes 16.10 and 16.11 blank and tick box 16.16 (if appropriate).

If you are filling in a Tax Return for a husband who died in the year ended 5 April 2001, then please note that the married couple's allowance should be used against his income for the year, even if some or all of it had previously been allocated to his wife. Leave boxes 16.7 and 16.8 blank.

Special rules if you are a man who married in the year ended 5 April 2001

To qualify for married couple's allowance either you or your new wife must have been bom before 6 April 1935. If you married and were living with your wife for all or part of the year ended 5 April 2001 you can claim 1/12 of the married couple's allowance for each tax month (or part of a tax month) of your marriage (the tax month runs from 6th of one month to 5th of the next).

Your marriage to your new wife may not be your first marriage. If

- you,
- any previous wife with whom you lived at any time during the year ended 5 April 2001, **and**
- your new wife

were all born after 5 April 1935 you cannot claim married couple's allowance in the year ended 5 April 2001.

If both you and your previous wife were born after 5 April 1935 but your new wife was born before 6 April 1935 you should fill in boxes 16.3 to 16.8 with details of your new wife. Leave box 16.9 blank. You can claim 1/12 of the married couple's allowance for each tax month of your marriage (see above).

If, however, either you, or your previous wife, were born before 6 April 1935 you may already be entitled to married couple's allowance in respect of your previous wife. In this case it will be more beneficial for you to continue claiming married couple's allowance for your previous wife for the year ended 5 April 2001 rather than to have a time apportioned claim for your new wife. If you lived with a previous wife **at any time during the year ending 5 April 2001** enter your previous wife's date of birth in box 16.9. We will then give the allowance in the way that most benefits you.

If you are unsure how your personal circumstances affect your entitlement to claim married couple's allowance ask your Inland Revenue office or tax adviser for help.

- Widow's bereavement allowance

box 16.14 Widow's bereavement allowance has been abolished for all deaths occuring after 5 April 2000. However, you can claim the allowance in 2000-2001 if your husband died in the year ended 5 April 2000, (provided you did not remarry in that year).

To claim, enter in box 16.14 the date your husband died. This date must fall between 6 April 1999 and 5 April 2000, inclusive.

- Transferring or using unused allowances

boxes 16.15 and 16.16

Transferring unused allowances

You can transfer any 'unused' amount of married couple's allowance or blind person's allowance.

You are entitled to do this if:

- you did not have enough income in the year ended 5 April 2001 to use up the allowance, **and**
- you lived with your spouse for at least part of that year.

If you want your spouse to have married couple's surplus allowance or blind person's surplus allowance, tick box 16.15. Please give details of your spouse's name, address, tax reference, National Insurance number and Inland Revenue office in the 'Additional information' box, box 23.6 on page 8 of your Tax Return.

Using unused allowances

If your spouse did not have enough income in the year ended 5 April 2001 to use any or all of their married couple's allowance or blind person's allowance (if due), you can ask for the surplus to be transferred to you. You can use this surplus to reduce the Income Tax you have to pay.

To claim the unused allowance, tick box 16.16 and please give details of your spouse's name, address, tax reference, National Insurance number and Inland Revenue office in the 'Additional information' box, box 23.6 on page 8 of your Tax Return.

If you are unsure whether you can get surplus allowances from your spouse, ask your Inland Revenue office or tax adviser for help.

boxes 16.17 and 16.18 Complete these boxes if you are calculating your tax. If your spouse has given you a figure and you agree with it, enter that amount.

Enter in box 16.17 the amount of the blind person's surplus allowance you can have.

Enter in box 16.18 the amount of the married couple's surplus allowance you can have.

If you are not sure of the figure you should use, ask your Inland Revenue office or tax adviser.

Q 17 Are you liable to make Student Loan Repayments for 2000-2001 on an Income Contingent Student Loan?

If you tick the 'No' box, go to Question 18.

Repayment of the new type of Student Loan made to a new borrower from August 1998 is collected by the Inland Revenue. The amount of the loan repayment for any year depends on the level of your income and these loans are called 'Income Contingent'.

Tick the 'Yes' box if the Student Loan company notified you that the repayment of your Income Contingent Student Loan commenced during the year ended 5 April 2001 and you have not received confirmation from them that the loan has been repaid in full.

If you are calculating your tax use the Tax Calculation Guide to work out the Student Loan Repayment due and enter the amount in box 18.2A.

Q 18 Do you want to calculate your tax?

If you tick the 'No' box, go to Question 19.

Calculating your tax is optional, but if you tick the 'Yes' box, please do your calculation and fill in boxes 18.1 to 18.8.

I need this information so that I can check that you have got it right.

Your Tax Calculation Guide explains what to put in the boxes.

Q 19 Do you want to claim a repayment if you have paid too much tax?

If you tick the 'No' box, go to Question 20.

Otherwise, tick the 'Yes' box to claim a repayment. Fill in boxes 19.1A to 19.12, as appropriate. We would prefer not to make repayments of small amounts, because of administrative costs. So if the overpaid tax is below £10 we will normally set it against your next tax bill. But if you do not agree with this set-off, please contact your Inland Revenue office.

If you do not claim a repayment, then any amount you are owed will be set against your next tax bill.

boxes 19.1A to 19.12 Tick box 19.1A if you want the repayment sent to your bank or building society. You'll receive the repayment sooner if we make it direct to your bank or building society, and you won't have to take a cheque to the bank yourself. Tick box 19.1B if you want the repayment to be sent by cheque to you at your home address.

Tick box 19.2 if you want the repayment sent to someone else (a nominee). Fill in boxes 19.3 to 19.7 to give details of your account or, if you want the repayment to go to a nominee's account, of that account. If you have ticked box 19.2 fill in boxes 19.8 to 19.11, as appropriate, to give details of your nominee. **You must sign box 19.12**.

Please note that the Inland Revenue reserves the right not to make a repayment to your nominee, and will not normally make a repayment to an overseas nominee.

Q 20 Have you already had any 2000-2001 tax refunded or set off by your Inland Revenue office or the Benefits Agency (in Northern Ireland, the Social Security Agency)?

If you tick the 'No' box, go to Question 21.

Otherwise, tick the 'Yes' box and fill in box 20.1.

box 20.1 Enter in box 20.1 the amount of any repayment of 2000-2001 tax you have already received. You should include repayments of any:

- CIS25 deductions
- PAYE tax
- tax paid on investment income,

which have been repaid to you directly by your Inland Revenue office or the DSS Benefits Agency.

You should also include in box 20.1 similar amounts which have not been refunded to you but have been reallocated to other liabilities, including CIS25 deductions set against other liabilities.

Q 21 Are your name or address on the front of the Tax Return wrong?

If you tick the 'No' box, go to Question 22.

Otherwise, tick the 'Yes' box and make the corrections on the front of your Tax Return.

Q 22 Please give other personal details

boxes 22.1 and 22.2 If convenient, enter your, or your agent's, telephone number in the appropriate box. (If you give your agent's number, please also give your agent's name and address in box 22.3.)

box 22.4 If you are self-employed enter in box 22.4 your first two forenames.

boxes 22.5 and 22.6 It would be helpful if you enter your marital status in box 22.5. This information does not affect your tax bill but is useful for statistical purposes. Please enter your date of birth in box 22.6.

box 22.7 If you are self-employed enter in box 22.7 your National Insurance number. Leave box 22.7 blank if you do not know it.

Q 23 Tick boxes and give additional information as appropriate

box 23.1 Tick box 23.1 if you expect to get a new pension or new Social Security benefit in 2001-2002. This will help me get your tax code right. Enter in box 23.6 the type of new pension or benefit, the weekly amount and the date it's expected to start (or the date it did start).

box 23.2 If you pay tax through PAYE and the amount you owe for 2000-2001 is less than £2,000, I will, if possible, collect it through your tax code.

Tick box 23.2 **if you do not** want any tax you owe for 2000-2001 collected through your tax code.

Provisional figures

box 23.3 Do not delay sending your Tax Return just because you do not have all the information you need. You must do your best to obtain the information, but if you cannot provide final figures by the time you need to send your Tax Return, then estimate the amount.

Tick box 23.3 and describe in the 'Additional information' box, box 23.6:

- which figures are provisional (refer to appropriate box numbers in your Tax Return), **and**
- why you could not give final figures, **and**
- the date on which you expect to give me your final figures.

I will not normally regard a Tax Return as incomplete simply because it contains provisional figures, provided you have taken all reasonable steps to get the final figures, and you ensure that they are sent as soon as they are available. I would not, however, regard pressure of work either on you or your tax adviser, or the complexity of your affairs, as reasons for accepting a provisional figure. Therefore, I would not accept 'accounts in draft' as a reason.

You must ensure that any provisional figures you do include are reasonable and take account of all the information available to you.

If you negligently submit a provisional figure which is either inaccurate, or unnecessary, you may be liable to a penalty.

Other estimates (including valuations)

In some situations you may need to provide an estimated figure or valuation which you do not intend to amend at a later date. Broadly, this will be the case when:

- a valuation is required (for example, of an asset at a certain date for the purposes of calculating Capital Gains Tax liability), **or**
- there is inadequate information to enable you to arrive at a reliable figure (for example, where the records concerned have been lost or destroyed), **or**
- while there is inadequate information to arrive at a precise figure, a reliable estimate can be made (for example, where the private proportion of an expense, such as motoring expenses, has been calculated on the basis of the detailed records of a representative sample period).

You should identify any valuations you have used, either by ticking the appropriate box in the Tax Return (where there is one) and providing the details that the notes ask for, or by identifying the figure in the 'Additional information' box, box 23.6 on page 8 of your Tax Return, and giving details of the valuation. Do not tick box 23.3.

You should also identify any figures in your Tax Return which may not be very reliable; where appropriate, explain how the figure has been arrived at. But if you are including an estimate which, while not a precise figure is sufficiently reliable to enable you to make an accurate Tax Return, there is no need to make specific reference to it.

box 23.4 Tick box 23.4 if you are claiming relief now for 2001-2002 trading or certain capital losses. Enter the amount of the loss and year for which you are claiming relief in the 'Additional information' box, box 23.6.

box 23.5 Tick box 23.5 if you are claiming:

- to have post-cessation or other business receipts taxed as income of an earlier year. Enter the amount and year in the 'Additional information' box, box 23.6, **or**
- to spread literary or artistic income to earlier or later years. Enter details of any amounts spread back to last year and, if appropriate the year before, in the 'Additional information' box, box 23.6.

Q 24 Declaration

Tick the boxes to show which Pages of your Tax Return you have filled in. (Make sure you send back any loose supplementary Pages.)

If you have filled in your Tax Return

Sign and date the form in box 24.1.

If you have had your Tax Return filled in for you by someone else

If you have had your Tax Return filled in for you by someone else, acting on your behalf, you must still sign the Return yourself to confirm to us that, to the best of your knowledge, it is correct and complete. This applies whether you have paid for the services of an accountant or other tax practitioner, or have simply had help from a friend or relative.

You should always allow sufficient time for checking and signing your Tax Return if it has been completed by someone on your behalf (particularly if you are likely to be abroad near the deadline for sending the Return back to me). Failure to make appropriate arrangements could mean that you miss the deadline and are charged penalties and interest.

Exceptional circumstances in which someone other than the taxpayer can sign a Tax Return

After someone dies, an executor may complete and sign a Tax Return for the period from 6 April up to the date of their death.

For persons who are mentally incapable of understanding the Tax Return it may be completed and signed on their behalf by the following authorised persons:

- a Receiver appointed by the Court of Protection (England and Wales)
- a Curator Bonis appointed by the Office of the Accountant of Court (Scotland)
- a Controller appointed by the Office of Care and Protection (Northern Ireland)
- an Attorney appointed under an Enduring Power, registered in the appropriate court, **or**
- any person so authorised by any of the above courts.

If you are signing for someone else:

- state the capacity in which you are signing in box 24.2, **and**
- enter the name of the person you are signing for, and your name and address in the 'Additional information' box, box 23.6.

Notes on Paying your tax begin on page 29.

Notes

Description			
Totals			

Paying your tax

Your Statement of Account

If you send me your completed Tax Return by 30 September 2001, I will send you a statement showing how much tax you owe us, or we owe you, before any final payment is due on 31 January 2002. It will also explain how to pay.

If you send me your completed Tax Return after 30 September 2001, I cannot guarantee to process it in time to let you know how much to pay on 31 January 2002, although I will let you have a statement or instruction on how to pay your tax.

This might mean that you have to estimate how much to pay. If you pay too little, you will have to pay interest (and perhaps a surcharge). If you pay too much and have claimed a repayment, I will repay it with any interest due. If you do not claim a repayment I will set the amount due, plus any interest, against your next tax bill.

If you pay tax through PAYE

If you send your Tax Return to me by 30 September 2001 and the tax you owe is less than £2,000 in total, I will, if possible, collect the tax you owe by adjusting your tax code for 2002-2003. I will send you a statement to show you that I have done this or let you know if for any reason I can't do so.

If you don't want me to collect your tax by adjusting your tax code, tick box 23.2 on page 8 of your Tax Return.

If you make payments on account

Some people may have to make 'payments on account'. Each payment will normally equal one half of the previous year's tax liability (after taking off tax deducted at source and tax credits on dividends). The payments are due on 31 January in the tax year and 31 July following the tax year.

If you needed to make payments on account for the year to 5 April 2001, I will already have sent you a statement of the first payment on account due by 31 January 2001. I will send you another statement in July with details of the second payment on account.

If the payments on account add up to less than you owe for 2000-2001, you must pay the difference by 31 January 2002.

If the payments on account add up to more than the tax bill for 2000-2001, I will repay the difference if you have claimed a repayment in Question 19 on your Tax Return, or if not, I will set it against your next tax bill.

When you settle your tax bill for 2000-2001 by 31 January 2002 you may also need to make your first payment on account for 2001-2002.

If you have asked me to work out your tax, I will tell you how much to pay on account.

If you are working out your tax, the Tax Calculation Guide explains how to work out your payments on account.

Any Capital Gains Tax included in your 2000-2001 tax bill will be excluded from the calculation of your 2001-2002 payments on account. If you have asked me to work out your tax, I will exclude it from the amount I tell you to pay on account. If you are working out your tax, the Tax Calculation Guide excludes any Capital Gains Tax as you go through the boxes to work out your payments on account.

You can make a claim to reduce these payments if you expect your tax bill (net of tax deducted at source and tax credits on dividends) to be lower in 2001-2002 than in 2000-2001 - see your Tax Calculation Guide for further details.

Interest will be charged on late payments of payments on account. For details see 'If you do not pay your tax on time' aside.

Ways to pay

Pay to the Accounts Office by one of the following methods:

- telephone or Internet banking. See the back of your Statement of Account for the details you need to give your bank or building society
- Bank Giro
- Girobank
- at a Post Office with cash, or a cheque made payable to 'Post Office Counters Ltd'
- post.

The address of the Accounts Office and further details of how to pay are given on the back of the Statement of Account I will send you.

If you do not pay your tax on time?

I will charge interest on all late payments from the date the tax becomes due until it is paid. You will have to pay a surcharge on any tax for the year ending 5 April 2001, which is due by 31 January 2002, but is still unpaid at 28 February 2002. This surcharge will be:

- 5% of the tax paid late, and will rise to
- 10% if the tax is paid later than 31 July 2002.

If you pay too much tax

If you do not claim a repayment, I will take the amount we owe you, plus any interest due, off your next tax bill.

If you do claim a repayment by ticking the 'Yes' box in Question 19, I will repay it, plus any interest due on the amount overpaid.

If your Tax Return is incorrect

If your Tax Return is incorrect and you have:

- **paid too much tax**, I will repay it, plus any interest due on the amount overpaid, if you have claimed a repayment (otherwise I will set it against your next tax bill), **or**
- **not paid enough tax**, I will ask for further tax. I may charge you interest from the original due date, penalties and a surcharge.

If the notice requiring you to make your Tax Return was given after 31 July 2001

If the notice requiring you to make your Tax Return was given after 31 July 2001, you must send it back to me:

- within two months of the date the notice was given if you want me to work out your tax, **or**
- by the later of 31 January 2002 and three months after the date the notice was given if you want to work out your tax.

If the notice requiring you to make your Tax Return was given after 31 October 2001 and you had notified me by 5 October 2001 of income and gains taxable for the year 2000-2001, then the tax is due three months after the date the notice was given. In all other cases, the tax is due on 31 January 2002. I will charge interest on any tax paid after the due date. A surcharge of 5% will also be made on any tax still unpaid more than 28 days after the due date.

The notice requiring you to make your Tax Return is 'given' on the day it is delivered to you. I will normally assume, for example, for the purpose of charging automatic penalties for the late submission of your Tax Return, that delivery will have taken place not more than seven days after the date of issue shown on the front of it.

continued over

If you have a complaint

Problems can usually be settled most quickly and easily by the office you have been dealing with. You will always be given a contact name or number in any correspondence we send you. This may be the person who has been dealing with your case, or the officer in charge of the office or unit concerned.

If you cannot settle a matter with the office you have been dealing with, you can write to:

- the Director with overall responsibility for that office or unit, **or**
- if the problem concerns the service you have been given by an Accounts Office, the Director of that Office.

The Director will look into your case and quickly let you know the outcome. Leaflet *IR120: You and the Inland Revenue* contains more information, including the names and addresses of Directors. If you do not know which Director to write to please ask your own office.

If you are still not happy

If the Director has not been able to settle your complaint to your satisfaction, you can ask the Adjudicator to look into it and recommend appropriate action. The Adjudicator is an impartial referee whose recommendations are independent.

The Adjudicator's address is:

The Adjudicator's Office
Haymarket House
28 Haymarket
London
SW1Y 4SP

Telephone 020 7930 2292 Fax 020 7930 2298

The Adjudicator's leaflet AO1 (also obtainable from Inland Revenue offices) gives information about complaining to the Adjudicator.

Finally, you can ask your MP to refer your case to the independent Parliamentary Commissioner for Administration (usually known as the Ombudsman). The Ombudsman will accept referral from any MP, but you should approach your own MP first. Further information is available from:

The Parliamentary Commissioner for Administration
Millbank Tower
Millbank
LONDON
SW1P 4QP

Telephone 020 7217 4163 Fax 020 7217 4160

Our service commitment to you

The Inland Revenue and Customs and Excise are committed to serving your needs well by

Acting fairly and impartially

We

- treat your affairs in strict confidence, within the law
- want you to pay or receive only the right amount due.

Communicating effectively with you

We aim to provide

- clear and simple forms and guidance
- accurate and complete information in a helpful and appropriate way.

Providing good quality service

We aim to

- handle your affairs promptly and accurately
- be accessible in ways that are convenient to you
- keep your costs to the minimum necessary
- take reasonable steps to meet special needs
- be courteous and professional.

Taking responsibility for our service

- We publish annually our customer service aims and achievements.
- If you wish to comment, or make a complaint, we want to hear from you so we can improve our service. We advise you how to do this.

We can provide a better service if you help us by

- keeping accurate and up to date records
- letting us know if your personal/business circumstances change
- giving us correct and complete information when we ask for it
- paying on time what you should pay.

Further information on customer service is available at Inland Revenue and Customs and Excise local offices, set out in our Charters, complaints leaflet (IR120 and Notice 1000) and Codes of Practice.

The Inland Revenue is a Data Controller under the Data Protection Act. We hold information for the purposes specified in our notification made to the Data Protection Commissioner, and may use this information for any of them.

We may get information about you from others, or we may give information to them. If we do, it will only be as the law permits, to:

- check accuracy of information
- prevent or detect crime
- protect public funds.

We may check information we receive about you with what is already in our records. This can include information provided by you as well as by others such as other government departments and agencies and overseas tax authorities. We will not give information about you to anyone outside the Inland Revenue unless the law permits us to do so.

These notes are for guidance only, and reflect the position at the time of writing. They do not affect any rights of appeal.